

COUNTY OF MONO
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2006

COUNTY OF MONO
AUDIT REPORT

Table of Contents

	<u>Page</u>
<u>Introductory Section</u>	
Letter of Transmittal	1-4
Directory of Public Officials.....	5
<u>Financial Section</u>	
Independent Auditor's Report.....	6-7
Management's Discussion and Analysis (Required Supplementary Information).....	8-17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities.....	19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	20
Reconciliation of the Governmental Funds Balance Sheet to the	
Government-Wide Statement of Net Assets – Governmental Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes	
in Fund Balances of Governmental Funds to the Government-Wide	
Statement of Activities – Governmental Activities	23
Proprietary Funds:	
Statement of Fund Net Assets.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	28
Statement of Changes in Fiduciary Net Assets.....	29
Notes to Financial Statements.....	30-57
Required Supplementary Information:	
Schedule of Funding Progress	58
Budgetary Comparison Schedule:	
General Fund.....	59
Road Fund.....	60
Note to Required Supplementary Information.....	61

COUNTY OF MONO
AUDIT REPORT

Table of Contents

	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds	
Combining Balance Sheet.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
Nonmajor Special Revenue Funds:	
Definition	64
Combining Balance Sheet.....	65-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70-74
Nonmajor Capital Project Funds:	
Definition	75
Combining Balance Sheet.....	76-79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80-83
Internal Service Funds:	
Definition	84
Combining Statement of Fund Net Assets.....	85
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets	86
Combining Statement of Cash Flows	87-88
Fiduciary Funds:	
Definition	89
Combining Statement of Fiduciary Net Assets.....	90
Combining Statement of Changes in Fiduciary Net Assets.....	91
 <u>Statistical Section (Unaudited)</u>	
Comparative Schedules:	
Tax Levies and Collections – General Fund Secured Roll	92
Property Tax Allocation Collection	93-94
Distribution of Property Tax	95
Tax Collections	96
Triple Flip	97
Miscellaneous Statistical Information.....	98-99

INTRODUCTORY SECTION



DEPARTMENT OF FINANCE AUDITOR-CONTROLLER COUNTY OF MONO

P.O. BOX 556, BRIDGEPORT, CALIFORNIA 93517

(760) 932-5490 • FAX (760) 932-5491

*Brian Muir
Finance Director*

*Roberta Reed
Assistant Finance Director
Auditor-Controller*

*Stacey Westerlund
Payroll Manager*

Honorable Board of Supervisors
County of Mono
Bridgeport, California 93517

Members of the Board:

The Comprehensive Annual Financial Report of the County of Mono for the fiscal year ended June 30, 2006, is hereby submitted in accordance with Section 25253 of the Government Code. We believe the data, as presented, is accurate in all material aspects and this report presents fairly the financial position and results of operations of the County's various funds. It also includes necessary and appropriate disclosures and supplementary data to enable the reader to fully understand the overall County financial position.

ACCOUNTING AND BUDGETARY POLICIES

The County maintains accounting controls, which comprise the plan of organization, all methods and procedures designed to safeguard assets, and the reliability of financial records for financial statement presentation. These controls include the system of authorization and approval, separation of duties, physical control and custody over assets.

Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding:

The safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that:

The cost of a control should not exceed the benefits likely to be delivered; and

The evaluation of costs and benefits requires estimates and judgments of management.

All internal control evaluations occur within the above framework. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In accordance with provisions of Section 29000 and 29143 inclusive, of the Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and adopts a budget for each fiscal year. Budgetary control for expenditures is maintained at the object level for all budgetary units except for fixed assets, which are controlled on the fund level. The expenditure side of the budget is enacted into law through the passage of an appropriation resolution. This resolution constitutes the maximum authorization to spend during the fiscal year and cannot be exceeded except by subsequent amendment of the budget by the Board of Supervisors. Unexpended appropriations at the end of the fiscal year lapse.

THE REPORTING ENTITY AND ITS SERVICES

This report includes all the funds and account groups for which the County's Board of Supervisors has oversight responsibility. This oversight responsibility includes, but is not limited to, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

The County provides a full range of local government functions that includes Public Protection, Public Ways and Facilities, Health and Sanitation, Social Services, Education, Culture and Recreation, and General Services.

GENERAL GOVERNMENT FUNCTIONS

Revenues from all Governmental fund type sources totaled \$38,939,603 in 2005-06, an increase of 5.77 percent from 2004-05. The amount of variance from the prior fiscal year is shown in the following tabulation. For fiscal year 2005-06 this variance is 5.77 % greater than last year due to the continued development and growth in Mono County resulting in increased tax revenues.

Sources: FY 2005-06	Amount	Percent of Total	Increase (Decrease) from FY 2004-05
Taxes and assessments	\$ 18,502,734	47.52%	\$ 3,761,946
Licenses and permits	950,775	2.44%	452,497
Fines, forfeitures and penalties	655,771	1.68%	22,289
Use of money and property	667,385	1.71%	314,308
Intergovernmental	14,493,964	37.22%	(1,836,796)
Charges for current services	3,095,025	7.95%	(511,950)
Other revenue	573,949	1.47%	(79,086)
TOTAL	<u>\$ 38,939,603</u>	<u>100.00%</u>	<u>\$ 2,123,208</u>

Expenditures for all Governmental fund type functions totaled \$37,520,148 an increase of 6.97 percent over 2004-05. The amount of variance from the prior fiscal year is shown in the following tabulation. The highest single increase is in Public Ways and Facilities. This can be accounted for by the grant funding for airport improvements.

Sources: FY 2005-06			Increase (Decrease) from FY 2004-05
	<u>Amount</u>	<u>Percent of Total</u>	
General government	\$ 9,139,299	24.36%	\$ 598,656
Public protection	11,477,562	30.59%	285,802
Public ways and facilities	5,157,328	13.75%	1,752,455
Health and sanitation	6,733,600	17.95%	883,463
Public assistance	2,678,193	7.14%	(648,045)
Education	26,804	0.07%	(874)
Recreation and culture	709,050	1.89%	(54,365)
Capital outlay	1,598,312	4.26%	(372,131)
TOTAL	<u>\$ 37,520,148</u>	<u>100.00%</u>	<u>\$ 2,444,961</u>

At June 30, 2006, the Governmental fund types unreserved fund balance of \$12,631,123 was composed of the following:

General Fund	\$ 7,598,987
Road Fund	(2,928)
Other Governmental	2,071,894
Solid Waste Closure	2,963,170

While not reserved by law, Board of Supervisor policy has designated reserves for future liabilities for retirees and mandatory employer costs and thus removed from the available General Fund unreserved balances. In addition, included in these Governmental Fund type balances, is \$41,516,805 of capital assets not reported in governmental funds; Internal Service funds reflected in Governmental funds reflects \$102,302; and long-term liabilities, such as Capital leases and Compensated absences, not included in governmental fund types reflect \$(2,094,441) and \$(2,479,244) respectively, thus making the net assets \$49,922,011 for governmental activities.

CASH MANAGEMENT

Cash temporarily idle during the fiscal year was invested with the County Treasury pooled cash. This investment is composed of deposits and investments allowed by California Government Code and the Mono County investment policy. This pooled cash concept allows the various funds within the County Treasury to earn interest based on their average daily cash balance. The County, pursuant to the adopted investment policy, invested in United States Government Agency Obligations and the State Local Agency Investment Fund (LAIF).

CAPITAL ASSETS RELATED TO GOVERNMENTAL ACTIVITIES

The capital assets related to governmental activities of the County are those fixed assets used in the performance of its general government functions. As of June 30, 2006, the amount in the general fixed asset account group of the County was \$41,516,805. This amount represents the current value of the assets. Of this amount, \$2,990,814 is non-depreciable.

INDEPENDENT AUDIT

Section 25250 of the Government Code requires the County to annually have made by an independent Certified Public Accountant, a careful and complete audit of the accounts and records of all offices of the County. This requirement has been complied with and the independent auditor's opinion has been included in this report.

PROSPECTS FOR THE FUTURE

Mono County, along with most California counties, continues to fight the "budget battle" with slower growing revenues failing to keep up with increasing costs of providing services. The County has not yet realized all revenues associated with development and growth, but the demand for services is already present and the increased costs reflect that demand.

Respectfully submitted this 9th day of March, 2007,

A handwritten signature in dark ink, appearing to read "B. Muir", is positioned above the printed name and title of the signatory.

BRIAN MUIR
DIRECTOR OF FINANCE
AUDITOR-CONTROLLER
COUNTY OF MONO

BM/rr

COUNTY OF MONO
DIRECTORY OF PUBLIC OFFICIALS
JUNE 30, 2006

DEPARTMENT	DEPARTMENT OFFICIAL
Assessor	James Lovett
Auditor-Controller	Lauretta L. Cochran
Board of Supervisors	
District #1	Tom Farnetti, Vice-Chairman
District #2	Duane "Hap" Hazard
District #3	Vikki Magee-Bauer
District #4	VACANT
District #5	Byng Hunt, Chairman
Clerk-Recorder	VACANT
County Counsel	Marshall Rudolph
County Administrative Officer	David Wilbrecht
District Attorney	George Booth
Health and Human Services Director	Tom Wallace
Health Officer	Richard Johnson, MD
Combined Court	Edward Forstenzer
Mental Health	Ann Gimpel
Probation	Beverlee Bryant
Public Health Director	Lynda Salcido
Public Works	Evan Nikirk
Sheriff-Coroner	Daniel A. Paranick
Superintendent of Schools	Richard A. McAteer
Treasurer-Tax Collector	VACANT
Social Services	Edward Zylman

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board of Supervisors
County of Mono
Bridgeport, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono, California, as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Mono, California. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Mono, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 7, 2007, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Members of the Board of Supervisors
County of Mono
Bridgeport, California

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mono's basic financial statements. The accompanying information identified in the table of contents as introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company

A handwritten signature in black ink that reads "Bartig Basler & Ray, LLP". The signature is written in a cursive, flowing style.

Roseville, California
March 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF MONO

Management Discussion and Analysis

In this section of the County of Mono (County) annual financial report, County management discusses financial results for the fiscal year ended June 30, 2006. It should be read in conjunction with the transmittal letter at the front of this report and the County's financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The County's overall assets exceeded its liabilities at the close of the most recent fiscal year by \$45,220,174 (net assets). Of this amount, \$3,770,638 is unrestricted for governmental activities and may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$991,739 from the June 30, 2005, report. This increase is a result of a combination of factors, mainly the increase in property taxes. Overall assets, (less the capital assets) declined 2.9% while at the same time liabilities increased 11.6%. This increase was a primarily a result of increased liabilities in various long-term areas.
- As of June 30, 2006, the County's governmental funds reported combined ending fund balances of \$12,876,589, an increase of \$1,619,068 in comparison with the prior year. This increase resulted from overall revenues exceeding overall expenditures.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,523,025, or 25.5% of total general fund expenditures.
- The County's total long-term obligations in the Solid Waste Program (Enterprise Activity) decreased by \$162,752 during the current fiscal year. The key factor in this decrease was the repayment of notes payable. An additional \$321,736 reduced shorter-term capital lease (to purchase) obligations.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

A. New Financial Report Model

The County of Mono adopted a new financial reporting model in Fiscal Year 2002 that is designed to demonstrate government accountability by presenting both a long-term and a near-term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standard Board (GASB 34). This model is comprised of three parts: 1) Management Discussion and Analysis which provides the financial highlights; 2) The County's basic financial statements, which consist of the Government-Wide financial statements; the Fund financial statements and the Notes to the financial statements; 3) Required Supplementary Information.

COUNTY OF MONO

Management Discussion and Analysis

B. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the County's finances, in a manner similar to a private-sector business, that is, using the accrual basis of accounting. The financial statements demonstrate Mono County's accountability by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information on expenses and revenues to show how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not take place until future fiscal periods (e.g., uncollected taxes; earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activity of the County includes the Mono County Solid Waste Program.

C. Fund Financial Statements

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in public forum. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes stipulated by laws, regulations or policies. The funds of the County are divided into three categories: governmental, proprietary and fiduciary.

Governmental funds account for functions essentially alike as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

COUNTY OF MONO

Management Discussion and Analysis

The County maintains 93 individual governmental funds. On the financial statements for governmental funds information is presented separately for three major funds: the General Fund, the Road Fund, and the Solid Waste Closure Fund. Data from the other governmental funds are aggregated into a single column. However, data for each of these non-major governmental funds is provided in the combining statements located in the Required Supplemental Information section of this report.

Proprietary funds are of two types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste program. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for telephone services, fleet services, unemployment self-insurance, retirement, and dental/vision self-insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds statements provide the same type of information as the part of government-wide financial statements pertaining to business-type activities, only in more detail. The County's three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds account for resources held for the benefit of parties outside the county government such as special districts and schools. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's programs. In the fiduciary fund category, the County maintains several agencies' funds. The accounting used for fiduciary funds is similar to that used for proprietary funds.

D. Notes to the Financial Statements

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the information provided in the financial statements.

E. Required Supplementary Information

In addition to the basic financial statements, this report presents Required Supplementary Information that includes budgetary comparisons for the General Fund and the major funds and combining statements for the aggregated non-major funds.

COUNTY OF MONO

Management Discussion and Analysis

III. FINANCIAL ANALYSIS COUNTY-WIDE

This is the third year that the County has incorporated GASB Statement No. 34 into its financial records. The County made certain fund classification adjustments during this fiscal year. The result of these reclassifications lowered certain current assets. Prior year assets and liabilities are shown below for the purpose of providing comparative data on a countywide level. Comparison of the current year to the prior year will be slightly misleading as certain funds were removed from governmental funds to fiduciary funds. Most notable the trust for retirements and the County PERS obligation were the funds removed from the Countywide governmental assets.

Condensed Statement of Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 19,496,570	\$ 15,493,099	\$ 2,025,546	\$ 1,747,709	\$ 21,522,116	\$ 17,240,808
Capital assets	41,516,805	43,420,648	1,313,831	704,292	42,830,636	44,124,940
Total Assets	61,013,375	58,913,747	3,339,377	2,452,001	64,352,752	61,365,748
Current and other liabilities	7,385,491	5,321,447	312,074	391,827	7,697,565	5,713,274
Long term liabilities	3,705,873	3,840,766	7,729,140	7,583,273	11,435,013	11,424,039
Total Liabilities	11,091,364	9,162,213	8,041,214	7,975,100	19,132,578	17,137,313
Invested in capital assets, net	39,422,364	41,004,471	2,509,853	704,292	41,932,217	41,708,763
Restricted	6,729,009	4,630,289	1,196,022	1,254,780	7,925,031	5,885,069
Unrestricted	3,770,638	4,116,774	(8,407,712)	(7,482,171)	(4,637,074)	(3,365,397)
Total Net Assets	49,922,011	49,751,534	(4,701,837)	(5,523,099)	45,220,174	44,228,435
Total Liabilities and Net Assets	\$ 61,013,375	\$ 58,913,747	\$ 3,339,377	\$ 2,452,001	\$ 64,352,752	\$ 61,365,748

Investment in capital assets net of related debt reflects the County's investment in capital assets (i.e. its land, structures and improvements, infrastructure and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used.

Unrestricted net assets represent 7.4% of the total net assets and may be used to meet the County's ongoing obligations to citizens and creditors.

Beside the amount invested in capital assets, the County has no externally imposed constraints on the use of its net assets.

COUNTY OF MONO

Management Discussion and Analysis

The following table presents the activities that accounted for the changes in net assets.

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Program Revenues:						
Fees, fines & charges for services	\$ 4,980,008	\$ 4,879,446	\$ 1,457,836	\$ 918,294	\$ 6,437,844	\$ 5,797,740
Operating grants	14,493,964	16,330,759	--	--	14,493,964	16,330,759
General Revenues:						
Property taxes	15,127,799	11,844,831	--	--	15,127,799	11,844,831
Sales and use taxes	491,658	435,325	--	--	491,658	435,325
Other taxes	2,883,277	2,460,633	--	--	2,883,277	2,460,633
Other revenue	573,949	555,717	8,436	6,055	582,385	561,772
Interest/investment earnings	675,300	366,928	54,223	24,242	729,523	391,170
Total Revenues	<u>39,225,955</u>	<u>36,873,639</u>	<u>1,520,495</u>	<u>948,591</u>	<u>40,746,450</u>	<u>37,822,230</u>
Expenses:						
General government	10,075,761	9,405,533	--	--	10,075,761	9,405,533
Public protection	11,436,980	11,246,019	--	--	11,436,980	11,246,019
Public ways and facilities	8,458,115	6,767,314	--	--	8,458,115	6,767,314
Health and sanitation	6,742,735	6,043,672	--	--	6,742,735	6,043,672
Public assistance	2,768,689	3,356,816	--	--	2,768,689	3,356,816
Education	26,804	27,678	--	--	26,804	27,678
Culture and recreation	726,237	846,468	--	--	726,237	846,468
Solid waste landfill	--	--	2,189,705	1,304,471	2,189,705	1,304,471
Total Expenses	<u>40,235,321</u>	<u>37,693,500</u>	<u>2,189,705</u>	<u>1,304,471</u>	<u>42,425,026</u>	<u>38,997,971</u>
Change in net assets before transfers	(1,009,366)	(819,861)	(669,210)	(355,880)	(1,678,576)	(1,175,741)
Transfers	<u>(776,034)</u>	<u>(527,705)</u>	<u>776,034</u>	<u>527,705</u>	<u>--</u>	<u>--</u>
Change in net assets	(1,785,400)	(1,347,566)	106,824	171,825	(1,678,576)	(1,175,741)
Net assets, beginning	49,751,534	58,220,462	(5,523,099)	(4,843,914)	44,228,435	53,376,548
Prior period adjustments	<u>1,955,877</u>	<u>(7,121,362)</u>	<u>714,438</u>	<u>(851,010)</u>	<u>2,670,315</u>	<u>(7,972,372)</u>
Net assets, ending	<u>\$ 49,922,011</u>	<u>\$ 49,751,534</u>	<u>\$ (4,701,837)</u>	<u>\$ (5,523,099)</u>	<u>\$ 45,220,174</u>	<u>\$ 44,228,435</u>

The following are highlights of significant factors that affected the governmental and business activities and contributed to the decrease in net assets:

- Capital assets – In accordance with GASB 34, capital assets are now calculated and added to the net assets. The County hired a contractor to determine the value of the County's capital assets. Once that report was completed, a reconciliation was performed between the new valuation and the value that had been previously determined. A restatement of the capital assets, resulting in a reduction of \$1,809,469 can be found in Notes 2 and 5 of the financial statements.

COUNTY OF MONO

Management Discussion and Analysis

IV. FINANCIAL ANALYSIS OF FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

Governmental funds. The general government functions are included in the General, Special Revenue, and Capital Project Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At June 30, 2006, the County's governmental funds reported combined ending fund balances of \$12,876,589, an increase of \$1,619,068 in comparison with the prior year. The increase is partially comprised over-all revenues exceeding over-all expenditures. Approximately 98.1% of the total governmental fund balance (\$12,631,123) constitutes unreserved fund balance, which may be used to meet the County's ongoing obligations to citizens and creditors. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to reflect inventories and the amount due from other funds that are long-term in nature and thus do not represent available spendable resources, 2) to liquidate contractual commitments of the prior period and 3) to provide fund for any type of disaster.

The general fund is the main operating fund of the County. At June 30, 2006, unreserved fund balance of the general fund was \$7,598,987 while total fund balance reached \$7,605,128. As measures of the general fund's liquidity, it is useful to note that unreserved fund balance represents 25.73% percent of total fund expenditures, while total fund balance represents 25.75% percent of that same amount. The percentage change is small as there is relatively little difference between the unreserved and reserved funds.

Revenues for government functions totaled approximately \$38,939,603 for fiscal year 2005-06, which represents an increase of 5.77% from fiscal year 2004-2005. The largest increase, 25.52% (\$3,761,946), represents property tax revenues. Another significant increase was 90.81% in fines, forfeitures and penalties. While the percentage is high, the actual dollar amount is only \$452,497.

COUNTY OF MONO

Management Discussion and Analysis

The following table presents the revenues from various sources as well as increases or decreases from the prior year in the governmental funds.

Revenues Classified by Source Governmental Funds

	FY 2006		FY 2005		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 18,502,734	47.52%	\$ 14,740,788	40.14%	\$ 3,761,946	25.52%
Licenses and permits	950,775	2.44%	498,278	1.36%	452,497	90.81%
Fines, forfeitures & penalties	655,771	1.68%	633,482	1.73%	22,289	3.52%
Use of money & property	667,385	1.71%	353,043	0.96%	314,342	89.04%
Intergovernmental	14,493,964	37.22%	16,330,760	44.47%	(1,836,796)	-11.25%
Charges for services	3,095,025	7.95%	3,606,975	9.82%	(511,950)	-14.19%
Other	573,949	1.47%	555,717	1.51%	18,232	3.28%
Total	<u>\$ 38,939,603</u>	<u>100.00%</u>	<u>\$ 36,719,043</u>	<u>100.00%</u>	<u>\$ 2,220,560</u>	<u>6.05%</u>

Significant changes for major revenue sources are explained below.

- Taxes – Tax revenues include sales taxes and property taxes that have benefited from the booming economic activities of the prior year.
- Fines, forfeitures and penalties – Mono County fines have increased. These revenues are derived from criminal activity within the County.
- Use of money and property – Increased tax collections caused higher cash balances, which, coupled rising interest rates kept the interest return high in spite of reduced revenues in other areas.

The following table presents expenditures by function compared to prior year's amounts in the governmental funds.

Expenditures by Function Governmental Funds

	FY 2006		FY 2005		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 9,139,299	24.36%	\$ 8,540,643	24.35%	\$ 598,656	7.01%
Public protection	11,477,562	30.59%	11,191,760	31.91%	285,802	2.55%
Public ways and facilities	5,157,328	13.75%	3,404,873	9.71%	1,752,455	51.47%
Health and sanitation	6,733,600	17.95%	5,850,137	16.68%	883,463	15.10%
Public assistance	2,678,193	7.14%	3,326,238	9.48%	(648,045)	-19.48%
Education	26,804	0.07%	27,678	0.08%	(874)	-3.16%
Culture and recreation	709,050	1.89%	763,415	2.18%	(54,365)	-7.12%
Capital outlay	1,598,312	4.26%	1,970,443	5.62%	(372,131)	-18.89%
Total Expenditures	<u>\$ 37,520,148</u>	<u>100.00%</u>	<u>\$ 35,075,187</u>	<u>100.00%</u>	<u>\$ 2,444,961</u>	<u>6.97%</u>

COUNTY OF MONO

Management Discussion and Analysis

Significant changes for major functions are explained below.

- General government – \$598,656 increase in expenditures resulted mainly from the increase in salaries and health benefits. A majority of departments maintained status quo in expenditures except for these line items.
- Public protection – \$285,802 increase in expenditures, like General government, resulted mainly from increases in salaries and health benefits. In addition, the implementation of enhanced retirement benefits significantly changed the County's contribution to PERS as is reflected in Note 9 of the financial statements.
- Public ways and facilities – Many road projects are grant funded. There was a 51.47% increase as funding for grant funded projects was approved.
- Public assistance – FY 2005-06 saw a decrease in public assistance expenditures in the amount of \$648,045. This increase was a result of a decline in claims for assistance and salary and benefit increases.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. These funds include the Mono County Solid Waste Program; and three internal service funds which are presented in aggregate: Workers' Compensation, Liability Insurance and Group Medical. Factors affecting the financial results of these funds were discussed earlier in the business-type activities of Mono County as they were budgeted for within the General fund.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, actual revenues were more than budgetary estimates by \$4,986,652. Actual expenditures were less than budgetary estimates by \$3,435,039. The net effect of both over-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$8,619,793, leaving a positive budgetary fund balance going into FY 2006-07.

VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The County's investment in capital assets for its governmental type activities as of June 30, 2006, amounts to \$41,516,805 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment infrastructure and construction in progress. The total decrease in the County's net investment in capital assets for the current period was 2.9%. The decrease in governmental activities reflects a restatement of Capital Assets detailed in Notes 2 and 5 in the Notes to the Financial Statements section in this report and the current year depreciation. The current year depreciation is \$4,266,970.

COUNTY OF MONO

Management Discussion and Analysis

Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 2,313,842	\$ 2,313,842	\$ --	\$ --	\$ 2,313,842	\$ 2,313,842
Structures & improvements	6,146,749	5,387,855	967,714	329,425	7,114,463	5,717,280
Equipment	3,442,230	3,982,303	346,117	374,867	3,788,347	4,357,170
Infrastructure	28,937,012	31,736,648	--	--	28,937,012	31,736,648
Construction in progress	676,972	--	--	--	676,972	--
Total	<u>\$ 41,516,805</u>	<u>\$ 43,420,648</u>	<u>\$ 1,313,831</u>	<u>\$ 704,292</u>	<u>\$ 42,830,636</u>	<u>\$ 44,124,940</u>

The County elected to completely report its general infrastructure assets beginning July 1, 2003, and hired a consultant to value the infrastructure presented above. This valuation by the consultant included all County infrastructure. The finished report still is a work in progress; however, the draft report reconciliation and restatement of capital assets is noted in Notes 2 and 5 of the financial statements. These general infrastructure assets include roads and bridges. Once the report is finalized, there is the potential for an additional restatement of capital assets.

B. Long-Term Debt

At June 30, 2006, the County had total long-term debt outstanding of \$11,026,708 consisting primarily of \$2,094,441 in capitalized lease obligations, \$2,503,717 in compensated absences, and \$4,245,583 in certificates of participation payable. Additional information on the County's long-term liabilities can be found in Note 6 of the financial statements.

VII. Economic Factors and 2006-07 Budget and Rates

- The unemployment rate for Mono County is currently 4.9 percent. This rate was not adjusted for seasonal employment. This compares favorably to the State's average unemployment rate of 5.1 percent in June 2006 and the United States unemployment rate, also at 5.0 percent.
- Property tax growth is expected to continue growing in 2006-07; the southern portion of the County is experiencing tremendous amount of growth and development. With the current full complement of assessor staff, it is anticipated that these growth monies will be realized within relatively short periods of time.
- Sales tax and vehicle license fee revenues are expected to remain status quo due to the funding swaps for the repayment of State debt. Furthermore, even though the State will attempt to fill the gap by reimbursing counties and cities from ERAF funds, it is uncertain whether there will be sufficient funds for this purpose. In addition, property taxes were reduced this last year to backfill the ERAF funds the sales tax and vehicle license fees removed. FY 2005-06 is the last year of the ERAF backfill. The projected growth rate used for 2006-07 is 0.0 percent for both state sales tax and vehicle license fees.

COUNTY OF MONO

Management Discussion and Analysis

- The 2006-07 budget projects a 15% increase in health costs included in benefits as a result of the escalating health costs nationwide. It also projects increases for enhanced retirement benefits for the safety bargaining units.

All of these factors were considered in preparing the County's budget for the 2006-2007 fiscal year.

During the current fiscal year, the unreserved governmental activities monies decreased to \$3,701,327. The County appropriated the full amount for spending in the 2006-07 fiscal year budget, including an appropriation for contingencies of \$576,299.

VIII. Request for Information

This financial report is designed to demonstrate accountability by the Mono County government by providing both a long-term and near-term views of the County's finances. Questions or comments regarding any of the information presented in this report or requests for additional financial information should be addressed to:

Director of Finance
County of Mono
P.O. Box 556
Bridgeport, CA 93517-0556
(760) 932-5490

**BASIC FINANCIAL STATEMENTS –
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COUNTY OF MONO

Statement of Net Assets June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>ASSETS</u>			
Cash and investments	\$ 12,946,942	\$ 488,101	\$ 13,435,043
Imprest cash	5,025	--	5,025
Cash with fiscal agent	70,473	1,196,022	1,266,495
Restricted cash	2,892,697	--	2,892,697
Accounts receivable	1,279,081	341,423	1,620,504
Taxes receivable	460,444	--	460,444
Assessment receivable	75,000	--	75,000
Deposits with others	1,445,524	--	1,445,524
Prepaid expenses	80,943	--	80,943
Inventories	240,441	--	240,441
Capital assets:			
Nondepreciable	2,990,814	--	2,990,814
Depreciable, net	38,525,991	1,313,831	39,839,822
Total Assets	<u>\$ 61,013,375</u>	<u>\$ 3,339,377</u>	<u>\$ 64,352,752</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,394,502	\$ 63,803	\$ 1,458,305
Salaries and benefits payable	1,540,495	34,491	1,574,986
Interest payable	--	35,552	35,552
Unearned revenue	1,766,383	--	1,766,383
Long-Term Liabilities:			
Portion due or payable within one year:			
Certificates of participation, net of amortized discount	--	140,000	140,000
Capital leases	371,963	--	371,963
Loan payable	--	33,333	33,333
Liability for compensated absences	495,849	4,895	500,744
Claims liability	1,816,299	--	1,816,299
Portion due or payable after one year:			
Certificates of participation, net of amortized discount	--	4,105,583	4,105,583
Capital leases	1,722,478	--	1,722,478
Loan payable	--	333,335	333,335
Liability for compensated absences	1,983,395	19,578	2,002,973
Closure/post-closure liability	--	3,270,644	3,270,644
Total Liabilities	<u>11,091,364</u>	<u>8,041,214</u>	<u>19,132,578</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	39,422,364	2,509,853	41,932,217
Restricted for:			
Legally segregated taxes, grants and fees	6,331,786	--	6,331,786
Debt service and capital projects	397,223	1,196,022	1,593,245
Unrestricted	3,770,638	(8,407,712)	(4,637,074)
Total Net Assets	<u>49,922,011</u>	<u>(4,701,837)</u>	<u>45,220,174</u>
Total Liabilities and Net Assets	<u>\$ 61,013,375</u>	<u>\$ 3,339,377</u>	<u>\$ 64,352,752</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Activities For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 10,075,761	\$ 1,279,631	\$ 1,218,310	\$ --
Public protection	11,436,980	1,086,900	2,620,922	--
Public ways and facilities	8,458,115	1,112,724	3,113,770	--
Health and sanitation	6,742,735	1,484,029	3,999,658	--
Public assistance	2,768,689	--	3,522,512	--
Education	26,804	--	--	--
Recreation and culture	726,237	16,724	18,792	--
Total Governmental Activities	40,235,321	4,980,008	14,493,964	--
Business-Type Activities:				
Solid Waste	2,189,705	1,457,836	--	--
Total Mono County	<u>\$ 42,425,026</u>	<u>\$ 6,437,844</u>	<u>\$ 14,493,964</u>	<u>\$ --</u>

General Revenues:

Taxes:

Property taxes

Sales and use taxes

Other

Miscellaneous

Unrestricted interest and investment earnings

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1, 2005

Prior period adjustments

Net assets - June 30, 2006

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (7,577,820)		\$ (7,577,820)
(7,729,158)		(7,729,158)
(4,231,621)		(4,231,621)
(1,259,048)		(1,259,048)
753,823		753,823
(26,804)		(26,804)
(690,721)		(690,721)
(20,761,349)		(20,761,349)
--	\$ (731,869)	(731,869)
(20,761,349)	(731,869)	(21,493,218)
15,127,799	--	15,127,799
491,658	--	491,658
2,883,277	--	2,883,277
573,949	8,436	582,385
675,300	54,223	729,523
(776,034)	776,034	--
18,975,949	838,693	19,814,642
(1,785,400)	106,824	(1,678,576)
49,751,534	(5,523,099)	44,228,435
1,955,877	714,438	2,670,315
<u>\$ 49,922,011</u>	<u>\$ (4,701,837)</u>	<u>\$ 45,220,174</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF MONO

Balance Sheet Governmental Funds June 30, 2006

	General	Road	Solid Waste Closure	Other Governmental	Total
<u>Assets</u>					
Cash and investments	\$ 8,418,743	\$ 129,728	\$ --	\$ 3,925,394	\$ 12,473,865
Imprest cash	4,875	25	--	125	5,025
Cash with fiscal agent	--	--	70,473	--	70,473
Restricted cash	--	--	2,892,697	--	2,892,697
Accounts receivable	610,560	124,160	--	544,361	1,279,081
Taxes receivable	460,444	--	--	--	460,444
Assessments receivable	--	--	--	75,000	75,000
Prepaid expenses	74,850	--	--	6,093	80,943
Inventories	1,266	237,063	--	2,112	240,441
Due from other funds	1,539,489	--	--	--	1,539,489
Total Assets	<u>\$ 11,110,227</u>	<u>\$ 490,976</u>	<u>\$ 2,963,170</u>	<u>\$ 4,553,085</u>	<u>\$ 19,117,458</u>
<u>Liabilities</u>					
Accounts payable	\$ 521,699	\$ 87,051	\$ --	\$ 785,752	\$ 1,394,502
Salaries and benefits payable	1,317,667	169,765	--	53,063	1,540,495
Due to other funds	--	--	--	1,539,489	1,539,489
Deferred revenue	1,665,733	--	--	100,650	1,766,383
Total Liabilities	<u>3,505,099</u>	<u>256,816</u>	<u>--</u>	<u>2,478,954</u>	<u>6,240,869</u>
<u>Fund Balances</u>					
Reserved:					
Imprest cash	4,875	25	--	125	5,025
Inventory	1,266	237,063	--	2,112	240,441
Unreserved:					
Designated	75,962	--	2,963,170	--	3,039,132
Undesignated, reported in:					
General fund	7,523,025	--	--	--	7,523,025
Special revenue funds	--	(2,928)	--	2,777,304	2,774,376
Capital projects funds	--	--	--	(705,410)	(705,410)
Total Fund Balances	<u>7,605,128</u>	<u>234,160</u>	<u>2,963,170</u>	<u>2,074,131</u>	<u>12,876,589</u>
Total Liabilities and Fund Balances	<u>\$ 11,110,227</u>	<u>\$ 490,976</u>	<u>\$ 2,963,170</u>	<u>\$ 4,553,085</u>	<u>\$ 19,117,458</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2006

Fund Balance - total governmental funds (page 20)	\$ 12,876,589
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	41,516,805
Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	102,302
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Capital leases	(2,094,441)
Compensated absences	<u>(2,479,244)</u>
Net assets of governmental activities (page 18)	<u><u>\$ 49,922,011</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2006

	General	Road	Solid Waste Closure	Other Governmental	Total
Revenues:					
Taxes	\$ 17,718,986	\$ --	\$ 783,748	\$ --	\$ 18,502,734
Licenses and permits	936,109	14,426	--	240	950,775
Fines, forfeitures and penalties	514,159	37,419	--	104,193	655,771
Use of money and property	426,683	--	116,360	124,342	667,385
Intergovernmental	9,852,232	2,816,209	--	1,825,523	14,493,964
Charges for services	2,184,845	893,456	--	16,724	3,095,025
Other revenues	178,138	19,947	--	375,864	573,949
Total Revenues	<u>31,811,152</u>	<u>3,781,457</u>	<u>900,108</u>	<u>2,446,886</u>	<u>38,939,603</u>
Expenditures:					
Current:					
General government	8,945,505	--	--	193,794	9,139,299
Public protection	10,542,004	--	--	935,558	11,477,562
Public ways and facilities	529,085	3,924,945	--	703,298	5,157,328
Health and sanitation	6,254,826	--	--	478,774	6,733,600
Public assistance	2,563,830	--	--	114,363	2,678,193
Education	26,804	--	--	--	26,804
Recreation and culture	675,921	--	--	33,129	709,050
Capital outlay	--	--	--	1,598,312	1,598,312
Total Expenditures	<u>29,537,975</u>	<u>3,924,945</u>	<u>--</u>	<u>4,057,228</u>	<u>37,520,148</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,273,177</u>	<u>(143,488)</u>	<u>900,108</u>	<u>(1,610,342)</u>	<u>1,419,455</u>
Other Financing Sources (Uses):					
Transfers in	612,423	--	--	378,785	991,208
Transfers out	(303,785)	--	(776,034)	(687,423)	(1,767,242)
Inception of capital leases	114,801	--	--	--	114,801
Total Other Financing Sources (Uses)	<u>423,439</u>	<u>--</u>	<u>(776,034)</u>	<u>(308,638)</u>	<u>(661,233)</u>
Net Changes in Fund Balances	2,696,616	(143,488)	124,074	(1,918,980)	758,222
Fund Balances, Beginning of Year	4,908,512	377,648	2,839,096	3,132,265	11,257,521
Prior Period Adjustment	--	--	--	860,846	860,846
Fund Balances, End of Year	<u>\$ 7,605,128</u>	<u>\$ 234,160</u>	<u>\$ 2,963,170</u>	<u>\$ 2,074,131</u>	<u>\$ 12,876,589</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2006

Net change to fund balance - total governmental funds (page 22) \$ 758,222

Amounts reported for governmental activities in the
statement of activities are different because:

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	1,484,933	
Less: current year depreciation	<u>(4,162,071)</u>	(2,677,138)

Some expenses reported in the statement of activities do not
require the use of current financial resources and, therefore, are
not reported as expenditures in governmental funds.

Change in compensated absences	(152,836)
--------------------------------	-----------

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The net revenue of
certain activities of the internal service funds is reported with
governmental activities.

<u>286,352</u>

Change in net assets of governmental activities (page 19)	<u><u>\$ (1,785,400)</u></u>
---	------------------------------

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Fund Net Assets Proprietary Funds June 30, 2006

	Business-Type Activities - Enterprise Fund Solid Waste Operating	Governmental Activities Internal Service Funds
<u>ASSETS</u>		
Current Assets:		
Cash and investments	\$ 488,101	\$ 473,077
Cash with fiscal agent	1,196,022	--
Accounts receivable	341,423	--
Deposits with others	--	1,445,524
Total Current Assets	<u>2,025,546</u>	<u>1,918,601</u>
Noncurrent Assets:		
Capital assets:		
Depreciable, net	<u>1,313,831</u>	<u>--</u>
Total Noncurrent Assets	<u>1,313,831</u>	<u>--</u>
Total Assets	<u><u>\$ 3,339,377</u></u>	<u><u>\$ 1,918,601</u></u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	\$ 63,803	\$ --
Salaries and benefits payable	34,491	--
Interest payable	35,552	--
Certificates of participation, net of amortized discount	140,000	--
Loan payable	33,333	--
Liability for compensated absences	4,895	--
Claims liability	--	1,816,299
Total Current Liabilities	<u>312,074</u>	<u>1,816,299</u>
Noncurrent Liabilities:		
Certificates of participation, net of amortized discount	4,105,583	--
Loan payable	333,335	--
Liability for compensated absences	19,578	--
Closure and postclosure liability	<u>3,270,644</u>	<u>--</u>
Total Noncurrent Liabilities	<u>7,729,140</u>	<u>--</u>
Total Liabilities	<u><u>8,041,214</u></u>	<u><u>1,816,299</u></u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	2,509,853	--
Restricted for debt service and capital projects	1,196,022	--
Unrestricted	<u>(8,407,712)</u>	<u>102,302</u>
Total Net Assets	<u><u>(4,701,837)</u></u>	<u><u>102,302</u></u>
Total Liabilities and Net Assets	<u><u>\$ 3,339,377</u></u>	<u><u>\$ 1,918,601</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2006

	Business-Type Activities - <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Funds</u>
Operating Revenues:		
Charges for services	\$ 1,457,836	\$ 1,580,444
Total Operating Revenues	<u>1,457,836</u>	<u>1,580,444</u>
Operating Expenses:		
Salaries and benefits	421,428	--
Services and supplies	1,171,145	--
Closure and postclosure costs	266,761	--
Depreciation and amortization	104,899	--
Claims and insurance	--	1,302,007
Total Operating Expenses	<u>1,964,233</u>	<u>1,302,007</u>
Operating Income (Loss)	<u>(506,397)</u>	<u>278,437</u>
Non-Operating Revenue (Expenses):		
Interest income	54,223	7,915
Interest expense	(225,472)	--
Miscellaneous revenue	8,436	--
Total Non-Operating Revenue (Expenses)	<u>(162,813)</u>	<u>7,915</u>
Income (Loss) Before Transfers	(669,210)	286,352
Transfers in	<u>776,034</u>	<u>--</u>
Change in Net Assets	106,824	286,352
Net Assets - Beginning of Year	(5,523,099)	(184,050)
Prior period adjustment	<u>714,438</u>	<u>--</u>
Net Assets - End of Year	<u><u>\$ (4,701,837)</u></u>	<u><u>\$ 102,302</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Operating	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 1,318,472	\$ --
Cash receipts from internal fund services provided	--	1,580,444
Cash paid to suppliers for goods and services	(1,208,305)	(1,611,133)
Cash paid to employees for services	(421,398)	--
Net Cash Provided (Used) by Operating Activities	(311,231)	(30,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in (out)	776,034	--
Miscellaneous revenue	8,436	--
Net Cash Provided (Used) by Noncapital Financing Activities	784,470	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal repayments related to capital purposes	(162,752)	--
Interest repayments related to capital purposes	(226,237)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	(388,989)	--
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (paid)	54,223	7,915
Net Cash Provided (Used) by Investing Activities	54,223	7,915
Net Increase (Decrease) in Cash and Cash Equivalents	138,473	(22,774)
Cash and Cash Equivalents, Beginning of Year	1,545,650	495,851
Cash and Cash Equivalents, End of Year	<u>\$ 1,684,123</u>	<u>\$ 473,077</u>

The accompanying notes are an integral part of these financial statements.

continued

COUNTY OF MONO

Statement of Cash Flows (continued) Proprietary Funds For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Solid Waste Operating	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (506,397)	\$ 278,437
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	104,899	--
Changes in assets and liabilities:		
(Increase) decrease in:		
Departmental receivables	(139,364)	--
Deposits with others	--	(394,859)
Increase (decrease) in:		
Accounts payable	(37,160)	--
Accrued salaries and benefits	(7,996)	--
Claims liability	--	85,733
Closure and postclosure liability	266,761	--
Liability for compensated absences	8,026	--
Net Cash Provided (Used) by Operating Activities	\$ (311,231)	\$ (30,689)

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Fiduciary Net Assets June 30, 2006

	Investment Trust Funds	Agency Funds	Total
<u>Assets</u>			
Pooled cash and investments	\$ 27,992,679	\$ 9,396,813	\$ 37,389,492
Total Assets	<u>\$ 27,992,679</u>	<u>\$ 9,396,813</u>	<u>\$ 37,389,492</u>
<u>Liabilities</u>			
Due other taxing agencies	\$ --	\$ 1,845,091	\$ 1,845,091
Agency funds held for others	<u>--</u>	<u>7,551,722</u>	<u>7,551,722</u>
Total Liabilities	<u>--</u>	<u>9,396,813</u>	<u>9,396,813</u>
<u>Net assets</u>			
Net assets held in trust for investment pool participants	<u>27,992,679</u>	<u>--</u>	<u>27,992,679</u>
Total Net Assets	<u>\$ 27,992,679</u>	<u>\$ --</u>	<u>\$ 27,992,679</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF MONO

Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Year Ended June 30, 2006

Additions

Contributions to pooled investments	\$ 70,233,947
-------------------------------------	---------------

Total Additions	<u>70,233,947</u>
-----------------	-------------------

Deductions

Distributions from pooled investments	<u>66,090,537</u>
---------------------------------------	-------------------

Total Deductions	<u>66,090,537</u>
------------------	-------------------

Change in net assets	4,143,410
----------------------	-----------

Net Assets - Beginning of Year	<u>23,849,269</u>
--------------------------------	-------------------

Net Assets - End of Year	<u><u>\$ 27,992,679</u></u>
--------------------------	-----------------------------

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a Summary of Significant Accounting Policies for the County and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes provide significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies**

A. The Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides the following services: public protection, public ways and facilities, health and sanitation, public assistance, education, culture and recreation, and general services.

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14 and amended by GASB Statement No. 39.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year end.

Blended Component Units

There are three entities which meet the criteria of a blended component unit. These dependent districts are Community Service Districts whose Advisory Boards are governed by the Board of Supervisors. The affected districts are Community Service Area #1 – Crowley; Community Service Area #5 – Bridgeport; and Community Service Area #2- Benton.

Discretely Presented Component Units

There are no entities which meet the criteria of a discretely presented component unit.

Joint Powers Agencies

CSAC Excess Insurance Authority is a risk sharing pool to provide insurance coverage for members. The Authority is a jointly governed organization. However, it has not met the criteria stated above and its financial information is not combined with that of the County.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental*, *proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

B. **Basis of Presentation** (continued)

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation and cultural services.
- The *Road Fund* is used to account for revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public ways not accounted through other funds.
- The *Solid Waste Closure Fund* is a clearing account for the Solid Waste Parcel Fees and a reserve necessary to meet the State and Federal monitoring requirements associated with the closure of County solid waste landfills. The California Integrated Waste Management Board designates the minimum required reserves.

The County reports the following major enterprise fund:

- The *Mono County Solid Waste Operating Fund* is used to account for revenues and expenses necessary to carryout basic governmental activities of the County that relate to sanitation and are not accounted for through other funds.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's self-insurance programs – worker's compensation and general liability on a cost-reimbursement basis.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Accounting**

The government-wide, proprietary, agency and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

D. Encumbrances

The County does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

E. Cash and Investments

The County pools cash and investments with the County Treasurer. Investments are stated at amortized cost.

For purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less and pooled cash to be cash equivalents.

In accordance with authorized investment laws, the County Treasurer invests in higher quality securities including various variable rate securities, such as federal agency notes, negotiable certificates of deposit and highly rated corporate medium-term note floating rate instruments. These securities are reported at cost on the balance sheet. They are included in the aggregate total for U.S. government agencies, negotiable certificates of deposit and corporate notes in Note 4 on Cash and Investments.

F. Inventory

Inventory is valued at cost. Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

G. Receivables

The County uses a 60-day time period for recognizing accruals in the government funds. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds

The estimated useful lives are as follows:

Infrastructure	20 to 50 years
Structures and improvements	20 to 50 years
Equipment	3 to 15 years

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

I. Accumulated Compensated Absences

Under the terms of union contracts, County employees are granted vacation and sick leave in varying amounts depending upon their respective bargaining unit. In the event of termination or death, an employee, or the employee's estate, is compensated for 100 percent of accumulated vacation. In the event of an employee's death or retirement, an employee, or the employee's estate, is compensated for accumulated sick leave in varying amounts from zero percent to 100 percent depending on the employee's bargaining unit and length of service. Comparing current and prior year balances with their respective payouts, it has been determined that approximately 20% of the accumulated balance is paid out the following year.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

J. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

K. Property Tax Revenue

The County’s property taxes are levied on July 1 (unsecured roll) and October 1 (secured roll) on assessed values established on the lien date of the previous January 1 for all taxable property located within the County.

Property is reappraised from the 1975-76 base year value to current full value upon either (1) a change in ownership or (2) new construction, as of the date of such transaction or completion of construction (only the newly constructed portion of the property is reappraised).

Taxes are due in one installment (unsecured roll) by July 1 and are subject to late payment penalties if paid after August 31, or two installments (secured roll) due November 1 and February 1, and again subject to late payment penalties if paid after December 10 and April 10, respectively.

Property taxes are accrued as receivables in the period when they are levied. Property tax revenues are recognized when they become available. “Available” means due, or past due, and receivable within the current period and collected or expected to be collected soon enough thereafter to be used to pay liabilities for the current period. This period was 90 days from the end of the fiscal year.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 1: **Summary of Significant Accounting Policies** (continued)

L. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as deferred revenue.

M. Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Restatements of Fund Equity/Net Assets**

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net assets or fund balances.

Fund Reclassification

The County moved funds for the County Service Areas out of the Agency Funds to report them as nonmajor special revenue funds.

Capital Assets

During the year, the County performed a detailed analysis of the Governmental and Business-Type Activities' capital assets and adjusted capital asset balances to book value to agree to the outside appraisal.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 2: **Restatements of Fund Equity/Net Assets** (continued)

Capital Assets (continued)

The impact of the restatements on the fund balances/net assets as previously reported is presented below:

	Government-Wide Statement of Activities	Governmental Fund Financial Statements	
	Governmental Activities	Other Governmental Funds	Business-Type Activities
Fund balance/net assets, June 30, 2005, as previously reported	\$ 49,751,534	\$ 3,132,265	\$ (5,523,099)
Fund Reclassification:			
Agency funds	860,846	860,846	--
Capital assets	1,095,031	--	714,438
Fund balance/net assets, July 1, 2005, as restated	<u>\$ 51,707,411</u>	<u>\$ 3,993,111</u>	<u>\$ (4,808,661)</u>

Note 3: **Deficit Fund Balance/Retained Earnings**

The following funds had deficit fund balances/retained earnings at June 30, 2006, as follows:

Fund	Deficit
Special Revenue Funds:	
Geothermal	\$ 72,741
Special Aviation Bryant	311,194
Campgrounds	2,422
SRVP Grant	45,478
Bio Terrorism	230,417
CDBG Grant - Sierra East	14,825
Capital Project Funds:	
Lee Vining Community Building	5,737
Community Center Crowley Lake	3,345
Paramedic Improvements	8,158
County Parks	606,639
Courthouse Improvements and Repairs	215,214
Flashing Yellow Beacons	67,697

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 3: **Deficit Fund Balance/Retained Earnings** (continued)

Fund	Deficit
Enterprise Funds:	
Solid Waste	\$ 4,435,076
Internal Service Funds:	
Workers Compensation	394,046

These deficits are anticipated to be recovered through future years' revenues.

Note 4: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 4: **Cash and Investments** (continued)

At June 30, 2006, total County cash and investments were as follows:

Cash on hand	\$ 547,296
Imprest cash	5,025
Deposits in bank	<u>1,659,432</u>
Total	<u>2,211,753</u>
Investments:	
In Treasurer's pool	51,510,504
With fiscal agents external to the pool	<u>1,266,495</u>
	<u>52,776,999</u>
Total Cash and Investments	<u>\$ 54,988,752</u>

The County normally makes electronic funds transfers for payroll purposes on the first day of each month, but, because July 1 was a Saturday in 2006, the County made transfers from its bank account totaling \$1,324,294 on June 30, 2006. The funds transfers were made to employee bank accounts for payment of salaries and wages and to governmental and other entities for obligations associated with the July 1 payroll. Consistent with its established practice, the County recorded the July 1 payroll as an expenditure in 2005-2006 and as a liability at June 30, 2006, but did not deduct the payroll amount from its cash balances until the 2006-2007 fiscal year to coincide with the date of the payroll. Hence, "deposits in bank" as stated above and total cash reported in the financial statements include the full \$1,324,294 of electronic funds transfers that were deducted from the County's bank account on June 30, 2006. If the County had deducted the transfers from both Cash and Salaries and Benefits Payable as of June 30th, a year-to-year comparison of Salaries and Benefits Payable would have been impossible, even though the County's operations have not significantly changed from the prior fiscal year.

Cash and investments were reported in the Basic Financial Statements as follows:

Governmental activities	\$ 15,915,137
Business-type activities	1,684,123
Investment trust fund	27,992,679
Agency funds	<u>9,396,813</u>
Total	<u>\$ 54,988,752</u>

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 4: **Cash and Investments** (continued)

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	2 years	None	None
U.S. Treasury Obligations	2 years	None	None
U.S. Agency Obligations	2 years	None	None
State of California Obligations	2 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	2 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium Term Notes	2 years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 4: **Cash and Investments** (continued)

Investments (continued)

At June 30, 2006, the County had the following investments:

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments in Investment Pool						
Federal Agencies	2.10% - 2.63%	08/03/05 - 02/09/07	\$ 20,000,000	\$ 20,003,838	\$ 19,854,390	0.84
Local Agency Investment Fund (LAIF)	1.67% - 2.85%	On Demand	31,506,666	31,506,666	31,449,507	0.00
Total investments in investment pool			<u>\$ 51,506,666</u>	<u>\$ 51,510,504</u>	<u>\$ 51,303,897</u>	
Portfolio weighted average maturity						0.32
Cash with Fiscal Agents						
Money Market Mutual Funds	Variable	On Demand	<u>\$ 1,266,495</u>	<u>\$ 1,266,495</u>	<u>\$ 1,266,495</u>	

At June 30, 2006, the difference between the cost and fair value of cash and investments was not material (fair value was 99.6% of carrying value). Therefore, an adjustment to fair value was not required.

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on government agency securities.

Concentration of Credit Risk

At June 30, 2006, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 4: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2006.

	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Federal Agencies	AAA	Aaa	38.70%
Local Agency Investment Fund (LAIF)	Unrated	Unrated	61.30%
Total			<u>100.00%</u>

Custodial Credit Risk

For investments and deposits held with fiscal agents, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool and cash with fiscal agents had no securities exposed to custodial credit risk.

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2006, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$31,506,666, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$63,337,959,989. Of that amount, 2.57% was invested in structured notes and asset-backed securities, and the remaining 97.43% was invested in other non-derivative financial products. Fair value is based on information provided by the State for the Local Agency Investment Fund.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 4: **Cash and Investments** (continued)

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2006:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 54,988,752</u>
Equity of internal pool participants	\$ 26,996,073
Equity of external pool participants	<u>27,992,679</u>
Total net assets	<u>\$ 54,988,752</u>

Statement of Changes in Net Assets

Net assets at July 1, 2005	45,275,556
Net change in investments by pool participants	<u>9,713,196</u>
Net assets at June 30, 2006	<u>\$ 54,988,752</u>

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2006
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,313,842	\$ --	\$ --	\$ --	\$ 2,313,842
Construction in progress	--	676,972	--	--	676,972
Total capital assets, not being depreciated	<u>2,313,842</u>	<u>676,972</u>	<u>--</u>	<u>--</u>	<u>2,990,814</u>
Capital assets, being depreciated:					
Infrastructure	83,327,069	--	--	--	83,327,069
Structures and improvements	9,586,161	8,698	--	1,126,288	10,721,147
Equipment	13,199,496	477,527	--	119,653	13,796,676
Total capital assets, being depreciated	<u>106,112,726</u>	<u>486,225</u>	<u>--</u>	<u>1,245,941</u>	<u>107,844,892</u>
Less accumulated depreciation for:					
Infrastructure	(51,590,421)	(2,799,636)	--	--	(54,390,057)
Structures and improvements	(4,198,306)	(281,703)	--	(94,389)	(4,574,398)
Equipment	(9,217,193)	(1,080,732)	--	(56,521)	(10,354,446)
Total accumulated depreciation	<u>(65,005,920)</u>	<u>(4,162,071)</u>	<u>--</u>	<u>(150,910)</u>	<u>(69,318,901)</u>
Total capital assets, being depreciated, net	<u>41,106,806</u>	<u>(3,675,846)</u>	<u>--</u>	<u>1,095,031</u>	<u>38,525,991</u>
Governmental activities capital assets, net	<u>\$ 43,420,648</u>	<u>\$ (2,998,874)</u>	<u>\$ --</u>	<u>\$ 1,095,031</u>	<u>\$ 41,516,805</u>
Business-Type Activities					
Capital assets, being depreciated:					
Structures and improvements	\$ 530,457	\$ --	\$ --	\$ 760,041	\$ 1,290,498
Equipment	651,048	--	--	--	651,048
Total capital assets, being depreciated	<u>1,181,505</u>	<u>--</u>	<u>--</u>	<u>760,041</u>	<u>1,941,546</u>
Less accumulated depreciation for:					
Structures and improvements	(201,032)	(76,149)	--	(45,603)	(322,784)
Equipment	(276,181)	(28,750)	--	--	(304,931)
Total accumulated depreciation	<u>(477,213)</u>	<u>(104,899)</u>	<u>--</u>	<u>(45,603)</u>	<u>(627,715)</u>
Total capital assets, being depreciated, net	<u>704,292</u>	<u>(104,899)</u>	<u>--</u>	<u>714,438</u>	<u>1,313,831</u>
Business-type activities capital assets, net	<u>\$ 704,292</u>	<u>\$ (104,899)</u>	<u>\$ --</u>	<u>\$ 714,438</u>	<u>\$ 1,313,831</u>

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 5: **Capital Assets** (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 231,342
Public protection	254,120
Public ways and facilities	3,376,797
Health and sanitation	136,765
Public assistance	39,394
Recreation and culture	<u>123,653</u>
Total Depreciation Expense – Governmental Functions	<u>\$ 4,162,071</u>

Depreciation expense was charged to the business-type functions as follows:

Solid waste	<u>\$ 104,899</u>
Total Depreciation Expense – Business-Type Functions	<u>\$ 104,899</u>

Note 6: **Long-Term Liabilities**

The following is a summary of long-term liabilities transactions for the year ended June 30, 2006.

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006	Amounts Due Within One Year
Governmental Activities					
Capital leases payable	\$ 2,416,177	\$ 114,801	\$ (436,537)	\$ 2,094,441	\$ 371,963
Compensated absences	2,326,408	152,836	--	2,479,244	495,849
Claims liability	<u>1,730,566</u>	<u>702,756</u>	<u>(617,023)</u>	<u>1,816,299</u>	<u>1,816,299</u>
Total Governmental Activities					
Long-term liabilities	<u>\$ 6,473,151</u>	<u>\$ 970,393</u>	<u>\$ (1,053,560)</u>	<u>\$ 6,389,984</u>	<u>\$ 2,684,111</u>
Business-type Activities					
Loans payable	\$ 400,001	\$ --	\$ (33,333)	\$ 366,668	\$ 33,333
Cerificates of participation	4,495,000	--	(135,000)	4,360,000	140,000
Unamortized discount	(119,998)	--	5,581	(114,417)	--
Compensated absences	<u>16,447</u>	<u>8,026</u>	<u>--</u>	<u>24,473</u>	<u>4,895</u>
Total Business-type Activities					
Long-term liabilities	<u>\$ 4,791,450</u>	<u>\$ 8,026</u>	<u>\$ (162,752)</u>	<u>\$ 4,636,724</u>	<u>\$ 178,228</u>

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 6: **Long-Term Liabilities** (continued)

As of June 30, 2006, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30	Business-Type Activities			
	Loan Payable		Certificates of Participation	
	Principal	Interest	Principal	Interest
2007	\$ 33,333	\$ --	\$ 140,000	\$ 213,310
2008	33,333	--	145,000	208,270
2009	33,333	--	150,000	202,615
2010	33,333	--	155,000	196,615
2011	33,333	--	160,000	190,415
2011-2015	166,669	--	920,000	841,652
2016-2020	33,334	--	1,175,000	589,051
2026-2030	--	--	1,515,000	246,750
	<u>\$ 366,668</u>	<u>\$ --</u>	<u>\$ 4,360,000</u>	<u>\$ 2,688,678</u>

Long-term liabilities at June 30, 2006, consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<u>Business-type activities</u>						
2001 Series A Certificates of Participation (to finance closure of four County's landfills)	11/01	05/04 - 05/26	2.50 - 5.25%	\$130,000 - \$335,000	\$ 5,125,000	\$ 4,360,000
Note Payable (to finance capital improvements at the Bridgeport Landfill facility)	01/02	06/03 - 06/13	0.00%	\$33,333	500,000	366,668
Total business-type activities					<u>\$ 5,625,000</u>	<u>\$ 4,726,668</u>

Note 7: **Capital Leases**

The County has entered into certain capital lease agreements under which the related buildings and equipment will become the property of the County when all terms of the lease agreements are met.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 7: **Capital Leases** (continued)

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2006:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2006</u>
Building	5.15% – 6.07%	\$ 576,053
Telephone system	5.15%	468,511
Various equipment and vehicles	4.95% – 7.94%	<u>1,049,877</u>
		<u>\$ 2,094,441</u>

The cost of buildings and equipment under capital leases are as follows:

Building	\$ 794,200
Telephone system	793,491
Various equipment and vehicles	1,387,090
Less: accumulated amortization	<u>(729,136)</u>
Total	<u>\$ 2,245,645</u>

As of June 30, 2006, future minimum lease payments under capital leases were as follows:

<u>Year Ending June 30:</u>	
2007	\$ 470,130
2008	473,230
2009	468,230
2010	436,818
2011	256,391
2012-2016	277,349
2017-2021	<u>106,164</u>
Total Future Minimum Lease Payments	2,488,312
Less: Interest	<u>(393,871)</u>
Present Value of Minimal Lease Payments	<u>\$ 2,094,441</u>

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 8: Closure and Postclosure Liability

The County of Mono has six landfill sites. State and federal laws and regulations require the County to perform certain closure and postclosure maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfills stop accepting waste, the County reports a portion of these closure and postclosure care costs as an expenditure in each year based on landfill capacity used as of each balance sheet date. The \$3,270,644 reported as closure and postclosure liability in the Enterprise Fund at June 30, 2006, represents the cumulative amount reported to date based on the following estimated percentages of capacity applied to the estimated closure and postclosure care costs:

Landfill Site	Estimated Closure Costs	Estimated Closure Care Costs	Total Estimated Cost	Estimated Total Capacity (Cubic Yards)	Estimated Capacity Used (Cubic Yards)	Estimated Percentage of Capacity Used through June 30, 2006	Estimated Landfill Closure and Postclosure Liability at June 30, 2006
Benton	\$ 498,699	\$ 671,282	\$ 1,169,981	76,578	17,532	22.89%	\$ 267,859
Benton Crossing	2,750,928	1,583,326	4,334,254	2,301,600	773,188	33.59%	1,456,027
Bridgeport	805,652	688,020	1,493,672	320,804	69,527	21.67%	323,720
Chalfant	449,752	671,282	1,121,034	107,564	32,856	30.55%	342,426
Pumice Valley	1,332,162	823,276	2,155,438	347,112	102,485	29.53%	636,394
Walker	681,326	664,355	1,345,681	340,716	61,834	18.15%	244,218
Total	<u>\$ 6,518,519</u>	<u>\$ 5,101,541</u>	<u>\$ 11,620,060</u>	<u>3,494,374</u>	<u>1,057,422</u>		<u>\$ 3,270,644</u>

The County will recognize the remaining estimated cost of closure and postclosure care of \$8,349,416 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2006.

Actual costs may be higher due to inflation, change in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a trust or pledge future revenues to finance closure and postclosure costs. At June 30, 2006, cash and investments of \$2,892,697 were held as restricted cash for these purposes. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenues. The County has elected to utilize the Pledge of Revenue financial assurance mechanism.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 9: **Defined Benefit Pension Plan**

A. Plan Description

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 Q Street – Sacramento, CA 95814.

B. Funding Policy

Active plan members in PERS are required to contribute 7 percent (9 percent for safety employees) of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2005/2006 was 7 percent for miscellaneous employees and 9 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

C. Annual Pension Cost

For the fiscal year ended June 30, 2006, the County's annual pension cost of \$2,545,816 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2003, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by age, service, and type of employment; and (c) 3.25 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0 percent. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 9: **Defined Benefit Pension Plan** (continued)

C. **Annual Pension Cost** (continued)

Three Year Trend Information for PERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2004	\$ 507,031	100%	\$ --
June 30, 2005	1,752,828	100%	--
June 30, 2006	2,545,816	100%	--

Note 10: **Employee Benefits**

Post-Employment Benefits

The County provides post-retirement health care benefits, in accordance with County employment contracts, to all employees who retire, on a tiered basis. Employees hired prior to January 1, 2002, who have attained the age of 55 and have accrued a minimum of 20 years of service are entitled to post-retirement health care benefits. (In this category, age and time are tiered between age 50 and 55 with between 5 and 20 years of service depending upon the date of hire). Employees hired after January 1, 2002, are not eligible for post-retirement health care benefits. Instead, employees hired after this date shall be eligible to receive County contributions into an Internal Revenue Code Section 401(a) Plan established by the County. Currently, 145 employees meet the eligibility requirements for the pre-2002 hire health care retirement benefits. During the year, expenditures of \$896,622 were recognized for post-employment health care. The County has a two-part system for acknowledging this liability. 1) The County budgets for current retirees, with any excess transferred to a trust account for future retiree health expenses; and 2) the County sets aside 3% of each employee's salary into this same trust to match the 3% maximum payable under the 401(a) plan with any excess being reserve for liability for those retiring under the pre-2002 hire date post-retirement plan.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 11: Interfund Transactions

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor Governmental Funds	\$ 16,000	Law library
	Nonmajor Governmental Funds	150,785	Tobacco education
	Nonmajor Governmental Funds	87,000	Fish enhancement
	Nonmajor Governmental Funds	50,000	Capital projects
Solid Waste Closure	Solid Waste Operating	776,034	Excess parcel fees for operations
Nonmajor Governmental Funds	General Fund	11,272	Social services
	General Fund	4,334	Bio terrorism
	General Fund	202,520	Mental health
	General Fund	394,297	Public health
	Nonmajor Governmental Funds	<u>75,000</u>	Airports
Total		<u>\$ 1,767,242</u>	

The composition of interfund balances as of June 30, 2006, are as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 1,539,489</u>
Total		<u>\$ 1,539,489</u>

The above balances were transferred to cover cash deficits.

Note 12: Net Assets/Fund Balances

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 12: Net Assets/Fund Balances (continued)

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

Restricted net assets in the business-type activities of \$1,196,022 are for cash held for debt service payments.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2006, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans.

Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has “reserved” fund balances as follows:

- Reserve for Imprest Cash was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.
- Reserve for Inventory was created to represent the portion of the fund balance that is not available for expenditure because the County expects to use these resources within the next budgetary period.
- Reserve for Encumbrances was created to represent encumbrances outstanding at the end of the fiscal year, based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 12: **Net Assets/Fund Balances** (continued)

- Reserve for Loans and Advances was created to represent long-term receivables and interfund loans not available to finance current year expenditures.
- Reserve for General was created to represent the portion of fund equity the County expects to use for unpredicted future events.

Note 13: **Risk Management**

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions injuries to employees, and natural disasters. The County has Risk Management Funds (internal service funds) to account for and finance its uninsured risks of loss for general liability and workers' compensation. Under this program, the Risk Management Funds provide coverage for up to a maximum of \$125,000 for each workers' compensation claim and \$25,000 for each general liability claim, up to four claims per year. The County is a member of the Trindel Insurance Fund. Trindel Insurance Fund (JPA) is classified as a claims-servicing or account pool, which results in the County retaining the risk of loss and being considered self-insured with regard to liability coverage for the first \$100,000 of general liability per occurrence. The County maintains reserves on hand with the Trindel Insurance Fund for all known claims as calculated by the actuary and a prudent reserve for the deductibles for future claims.

The County also belongs to another larger JPA called the County Supervisors Association of California Excess Insurance Authority (CSACEIA). CSACEIA, along with other commercial carriers, increases the coverage for general liability to \$15 million. Also, CSACEIA, along with other commercial carriers, covers replacement cost on property to \$600 million with a \$1,000 deductible per occurrence. CSACEIA is a public entity risk pool currently operating as a common risk management and insurance program. The County pays an annual premium to the Authority for excess insurance coverage. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 13: **Risk Management** (continued)

All funds of the County participate in the program and make payments to the Risk Management funds based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The deficit in retained earnings of 394,046 at June 30, 2006, is due to current year unfunded claims and carryover deficit funding. The claims liability of \$1,816,299 reported in the funds at June 30, 2006, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

Changes in the County's claims liability amount for the fiscal years ending June 30, 2005 and 2006, were as follows:

<u>Fiscal Year Ended</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
2005	\$ 1,481,586	\$ 1,328,871	\$ 1,079,891	\$ 1,730,566
2006	1,730,566	702,756	617,023	1,816,299

The County is also involved in various cases in which there is a reasonable possibility of loss. All of the cases in excess of the \$100,000 retained liability limit are covered by excess insurance coverage. In accordance with Government Auditing Standards Board Statement No. 10, these cases have not been accrued in the financial statements.

Note 14: **Excess Expenditures Over Budget**

The following funds had excess expenditures over budget:

	<u>Budget</u>	<u>Expenditure</u>	<u>Variance</u>
Road Fund	\$ 3,845,400	\$ 3,924,945	\$ 79,545

COUNTY OF MONO

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2006

Note 15: **Joint Agencies**

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose to develop and fund excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty member counties.

Complete audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's Office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

Note 16: **Commitments and Contingencies**

The County is involved in several lawsuits. Due to the nature of the cases, County Counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

Note 17: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released new accounting and financial reporting standards. GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, and GASB Statement No. 47, *Accounting for Termination Benefits*, may have a significant impact on the County's financial reporting process.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB Statement No. 45 will be effective for the fiscal year ending June 30, 2008.

GASB Statement No. 47 provides guidance on how employers should account for benefits associated with either voluntary or involuntary terminations. The requirements of this Statement are effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this Statement should be implemented simultaneously with the requirements of GASB Statement No. 45. For all other termination benefits, this Statement is effective for financial statements for periods beginning after June 15, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF MONO

Required Supplementary Information For the Year Ended June 30, 2006

Schedule of Funding Progress

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Funded Status of Plan Safety and Miscellaneous (\$ amount in thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Asset Value	Underfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Underfunded Actuarial Liability as Percentage of Covered Payroll
--------------------------------	--	-----------------------------	--	-----------------	--------------------	---

Safety Plan

This information is no longer available for the Safety Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

Miscellaneous Plan

06/30/03	\$	37,110	\$	34,911	\$	2,199	94.1%	\$	8,602	25.6%
06/30/04		39,970		36,409		3,562	91.1%		9,124	39.0%
06/30/05		44,423		39,391		5,032	88.7%		10,108	49.8%

COUNTY OF MONO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 13,761,796	\$ 13,761,796	\$ 17,718,986	\$ 3,957,190
Licenses and permits	613,465	613,465	936,109	322,644
Fines, forfeits and penalties	436,400	436,400	500,640	64,240
Revenue from use of money and property	152,600	152,600	433,523	280,923
Aid from other governments	3,528,362	3,528,362	4,835,921	1,307,559
Charges for services	3,074,842	3,074,842	2,062,487	(1,012,355)
Miscellaneous revenue	5,000	5,000	71,451	66,451
Total Revenues	<u>21,572,465</u>	<u>21,572,465</u>	<u>26,559,117</u>	<u>4,986,652</u>
Expenditures:				
Current:				
General government	9,671,177	9,325,209	8,813,872	511,337
Public protection	10,764,840	11,110,808	10,498,542	612,266
Public way and facilities	645,500	645,500	529,085	116,415
Health and sanitation	7,733,638	7,733,638	6,099,575	1,634,063
Public assistance	3,070,013	3,070,013	2,563,830	506,183
Education	28,500	28,500	26,804	1,696
Recreation and cultural services	729,000	729,000	675,921	53,079
Total Expenditures	<u>32,642,668</u>	<u>32,642,668</u>	<u>29,207,629</u>	<u>3,435,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,070,203)</u>	<u>(11,070,203)</u>	<u>(2,648,512)</u>	<u>8,421,691</u>
Other Financing Sources (Uses):				
Transfers in	398,675	398,675	397,423	(1,252)
Transfers out	<u>(503,139)</u>	<u>(503,139)</u>	<u>(303,785)</u>	<u>199,354</u>
Total Other Financing Sources (Uses)	<u>(104,464)</u>	<u>(104,464)</u>	<u>93,638</u>	<u>198,102</u>
Net Change in Fund Balances	(11,174,667)	(11,174,667)	(2,554,874)	8,619,793
Budgetary Fund Balances - Beginning of Year	<u>6,933,618</u>	<u>6,933,618</u>	<u>6,933,618</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ (4,241,049)</u>	<u>\$ (4,241,049)</u>	<u>\$ 4,378,744</u>	<u>\$ 8,619,793</u>

(1) Explanation of differences between statement of revenues, expenditures and changes in fund balance

Sources/inflows of resources

Actual amounts from the budgetary comparison schedule	\$ 26,559,117
Receipts from funds reclassified from County Agency Funds, not budgeted	<u>5,252,035</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 22)	<u>\$ 31,811,152</u>

Uses/outflows of resources

Actual amounts from the budgetary comparison schedule	\$ 29,207,629
Disbursements from funds reclassified from County Agency Funds, not budgeted	<u>330,346</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 22)	<u>\$ 29,537,975</u>

COUNTY OF MONO

Budgetary Comparison Schedule Road Fund For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 14,426	\$ 4,426
Fines, forfeits and penalties	55,000	55,000	37,419	(17,581)
Revenue from use of money and property	2,000	2,000	--	(2,000)
Aid from other governments	3,049,918	3,049,918	2,816,209	(233,709)
Charges for services	505,500	505,500	893,456	387,956
Other revenues	--	--	19,947	19,947
Total Revenues	<u>3,622,418</u>	<u>3,622,418</u>	<u>3,781,457</u>	<u>159,039</u>
Expenditures:				
Current:				
Public way and facilities	<u>3,845,400</u>	<u>3,845,400</u>	<u>3,924,945</u>	<u>(79,545)</u>
Total Expenditures	<u>3,845,400</u>	<u>3,845,400</u>	<u>3,924,945</u>	<u>(79,545)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(222,982)</u>	<u>(222,982)</u>	<u>(143,488)</u>	<u>79,494</u>
Net Change in Fund Balances	(222,982)	(222,982)	(143,488)	79,494
Fund Balances - Beginning of Year	<u>377,648</u>	<u>377,648</u>	<u>377,648</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 154,666</u>	<u>\$ 154,666</u>	<u>\$ 234,160</u>	<u>\$ 79,494</u>

COUNTY OF MONO

Note to Required Supplementary Information For the Year Ended June 30, 2006

BUDGETARY BASIS OF ACCOUNTING

General Budget Policies

By State law, the County Board of Supervisors must approve a tentative budget no later than June 30 of each year, and adopt a final budget no later than August 30. A public hearing must be conducted to receive comments prior to adoption. However, due to the lateness of the adoption of the State budget, the County by resolution R03-058 has extended these periods to August 10 and October 2, respectively.

From the effective date of the budget, which is adopted and controlled at the departmental level, the amounts stated therein as proposed expenditures become appropriations to the various County departments. However, the legal level of control is the fund level. The Board of Supervisors may amend the budget by resolution during the fiscal year. Department heads may, upon approval of the Auditor-Controller, make transfers from one object or purpose to another within the same budget unit. All other budget amendments must be approved by the Board. It is this final revised budget that is presented in the basic financial statements. Appropriations lapse at year end.

Budgets are adopted for the general fund and all special revenue funds. Accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in conformity with GAAP.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate publication presenting this information is available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

COUNTY OF MONO

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and investments	\$ 3,474,497	\$ 450,897	\$ 3,925,394
Imprest cash	125	--	125
Accounts receivable	544,361	--	544,361
Assessments receivable	75,000	--	75,000
Prepaid expenses	6,093	--	6,093
Inventories	2,112	--	2,112
Total Assets	<u>\$ 4,102,188</u>	<u>\$ 450,897</u>	<u>\$ 4,553,085</u>
<u>Liabilities</u>			
Accounts payable	\$ 231,737	\$ 554,015	\$ 785,752
Salaries and benefits payable	53,063	--	53,063
Due to other funds	937,197	602,292	1,539,489
Deferred revenue	100,650	--	100,650
Total Liabilities	<u>1,322,647</u>	<u>1,156,307</u>	<u>2,478,954</u>
<u>Fund Balances</u>			
Reserved:			
Imprest cash	125	--	125
Inventory	2,112	--	2,112
Unreserved:			
Undesignated	2,777,304	(705,410)	2,071,894
Total Fund Balances	<u>2,779,541</u>	<u>(705,410)</u>	<u>2,074,131</u>
Total Liabilities and Fund Balances	<u>\$ 4,102,188</u>	<u>\$ 450,897</u>	<u>\$ 4,553,085</u>

COUNTY OF MONO

Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2006

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Licenses and permits	\$ 240	\$ --	\$ 240
Fines, forfeitures and penalties	104,193	--	104,193
Use of money and property	111,794	12,548	124,342
Intergovernmental	1,796,872	28,651	1,825,523
Charges for services	16,724	--	16,724
Other revenues	241,303	134,561	375,864
Total Revenues	<u>2,271,126</u>	<u>175,760</u>	<u>2,446,886</u>
Expenditures:			
Current:			
General government	193,794	--	193,794
Public protection	935,558	--	935,558
Public ways and facilities	703,298	--	703,298
Health and sanitation	478,774	--	478,774
Public assistance	114,363	--	114,363
Recreation and culture	33,129	--	33,129
Capital outlay	--	1,598,312	1,598,312
Total Expenditures	<u>2,458,916</u>	<u>1,598,312</u>	<u>4,057,228</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(187,790)</u>	<u>(1,422,552)</u>	<u>(1,610,342)</u>
Other Financing Sources (Uses):			
Transfers in	328,785	50,000	378,785
Transfers out	(687,423)	--	(687,423)
Total Other Financing Sources (Uses)	<u>(358,638)</u>	<u>50,000</u>	<u>(308,638)</u>
Net Change in Fund Balances	(546,428)	(1,372,552)	(1,918,980)
Fund Balances - Beginning of Year	2,465,123	667,142	3,132,265
Prior Period Adjustment	860,846	--	860,846
Fund Balances - End of Year	<u>\$ 2,779,541</u>	<u>\$ (705,410)</u>	<u>\$ 2,074,131</u>

NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust or for major capital projects) that are legally restricted to expenditures for particular purposes.

COUNTY OF MONO

Combining Balance Sheet Nonmajor Special Revenue Funds June 30, 2006

	Geothermal	Fish and Game	Special Aviation Lee Vining	Special Aviation Bryant
<u>Assets</u>				
Cash and investments	\$ --	\$ 23,274	\$ 100,826	\$ --
Imprest cash	--	--	--	--
Accounts receivable	--	--	--	--
Assessments receivable	--	--	--	--
Prepaid expenses	--	--	--	--
Inventories	--	--	--	2,112
Total Assets	<u>\$ --</u>	<u>\$ 23,274</u>	<u>\$ 100,826</u>	<u>\$ 2,112</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 982	\$ 225,133
Salaries and benefits payable	--	--	--	--
Due to other funds	72,741	--	--	88,173
Deferred revenue	--	--	--	--
Total Liabilities	<u>72,741</u>	<u>--</u>	<u>982</u>	<u>313,306</u>
Fund Balance				
Reserved:				
Imprest cash	--	--	--	--
Inventory	--	--	--	2,112
Unreserved:				
Undesignated	<u>(72,741)</u>	<u>23,274</u>	<u>99,844</u>	<u>(313,306)</u>
Total Fund Balances	<u>(72,741)</u>	<u>23,274</u>	<u>99,844</u>	<u>(311,194)</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 23,274</u>	<u>\$ 100,826</u>	<u>\$ 2,112</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2006

	<u>Campgrounds</u>	<u>Tobacco</u>	<u>Health</u>	<u>Well Abandonment</u>
<u>Assets</u>				
Cash and investments	\$ --	\$ --	\$ 426,052	\$ 50,306
Imprest cash	25	100	--	--
Accounts receivable	--	--	--	--
Assessments receivable	--	75,000	--	--
Prepaid expenses	--	824	--	--
Inventories	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 25</u>	<u>\$ 75,924</u>	<u>\$ 426,052</u>	<u>\$ 50,306</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 2,447	\$ 1,040	\$ --	\$ --
Salaries and benefits payable	--	15,767	--	--
Due to other funds	--	29,454	--	--
Deferred revenue	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>2,447</u>	<u>46,261</u>	<u>--</u>	<u>--</u>
Fund Balance				
Reserved:				
Imprest cash	25	100	--	--
Inventory	--	--	--	--
Unreserved:				
Undesignated	<u>(2,447)</u>	<u>29,563</u>	<u>426,052</u>	<u>50,306</u>
Total Fund Balances	<u>(2,422)</u>	<u>29,663</u>	<u>426,052</u>	<u>50,306</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 25</u>	<u>\$ 75,924</u>	<u>\$ 426,052</u>	<u>\$ 50,306</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2006

	Environmental Health	Emergency Medical Services	Major Thoroughfare	Mitigation Fee	County Service Areas
<u>Assets</u>					
Cash and investments	\$ 71,994	\$ 62,411	\$ 52,431	\$ 96,816	\$ 863,862
Imprest cash	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Assessments receivable	--	--	--	--	--
Prepaid expenses	--	--	--	--	--
Inventories	--	--	--	--	--
	<u>71,994</u>	<u>62,411</u>	<u>52,431</u>	<u>96,816</u>	<u>863,862</u>
Total Assets	<u>\$ 71,994</u>	<u>\$ 62,411</u>	<u>\$ 52,431</u>	<u>\$ 96,816</u>	<u>\$ 863,862</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	--	--	--
Deferred revenue	--	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balance					
Reserved:					
Imprest cash	--	--	--	--	--
Inventory	--	--	--	--	--
Unreserved:					
Undesignated	71,994	62,411	52,431	96,816	863,862
	<u>71,994</u>	<u>62,411</u>	<u>52,431</u>	<u>96,816</u>	<u>863,862</u>
Total Fund Balances	<u>71,994</u>	<u>62,411</u>	<u>52,431</u>	<u>96,816</u>	<u>863,862</u>
Total Liabilities and Fund Balances	<u>\$ 71,994</u>	<u>\$ 62,411</u>	<u>\$ 52,431</u>	<u>\$ 96,816</u>	<u>\$ 863,862</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2006

	June Lake Storm Drain	SRVP Grant	Bio Terrorism	CDBG Grant - Sierra	GTIP Traffic Congestion
<u>Assets</u>					
Cash and investments	\$ 69,253	\$ --	\$ --	\$ --	\$ --
Imprest cash	--	--	--	--	--
Accounts receivable	--	--	--	--	418,854
Assessments receivable	--	--	--	--	--
Prepaid expenses	--	--	1,033	--	--
Inventories	--	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 69,253</u>	<u>\$ --</u>	<u>\$ 1,033</u>	<u>\$ --</u>	<u>\$ 418,854</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ 1,088	\$ --	\$ --
Salaries and benefits payable	--	1,642	6,812	--	--
Due to other funds	--	43,836	223,550	14,825	418,854
Deferred revenue	--	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>--</u>	<u>45,478</u>	<u>231,450</u>	<u>14,825</u>	<u>418,854</u>
Fund Balance					
Reserved:					
Imprest cash	--	--	--	--	--
Inventory	--	--	--	--	--
Unreserved:					
Undesignated	<u>69,253</u>	<u>(45,478)</u>	<u>(230,417)</u>	<u>(14,825)</u>	<u>--</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>69,253</u>	<u>(45,478)</u>	<u>(230,417)</u>	<u>(14,825)</u>	<u>--</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 69,253</u>	<u>\$ --</u>	<u>\$ 1,033</u>	<u>\$ --</u>	<u>\$ 418,854</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Special Revenue Funds June 30, 2006

	Solid Waste Grant	STIP Grants	Mental Health Services Act	Various Restricted Grant Funds	Total
<u>Assets</u>					
Cash and investments	\$ 33,498	\$ 93,922	\$ 202,097	\$ 1,327,755	\$ 3,474,497
Imprest cash	--	--	--	--	125
Accounts receivable	--	--	88,328	37,179	544,361
Assessments receivable	--	--	--	--	75,000
Prepaid expenses	--	--	--	4,236	6,093
Inventories	--	--	--	--	2,112
Total Assets	<u>\$ 33,498</u>	<u>\$ 93,922</u>	<u>\$ 290,425</u>	<u>\$ 1,369,170</u>	<u>\$ 4,102,188</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 474	\$ --	\$ 122	\$ 451	\$ 231,737
Salaries and benefits payable	--	--	--	28,842	53,063
Due to other funds	--	--	--	45,764	937,197
Deferred revenue	--	--	--	100,650	100,650
Total Liabilities	<u>474</u>	<u>--</u>	<u>122</u>	<u>175,707</u>	<u>1,322,647</u>
Fund Balance					
Reserved:					
Imprest cash	--	--	--	--	125
Inventory	--	--	--	--	2,112
Unreserved:					
Undesignated	<u>33,024</u>	<u>93,922</u>	<u>290,303</u>	<u>1,193,463</u>	<u>2,777,304</u>
Total Fund Balances	<u>33,024</u>	<u>93,922</u>	<u>290,303</u>	<u>1,193,463</u>	<u>2,779,541</u>
Total Liabilities and Fund Balances	<u>\$ 33,498</u>	<u>\$ 93,922</u>	<u>\$ 290,425</u>	<u>\$ 1,369,170</u>	<u>\$ 4,102,188</u>

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

	<u>Geothermal</u>	<u>Fish and Game</u>	<u>Special Aviation Lee Vining</u>	<u>Special Aviation Bryant</u>
Revenues:				
Licenses and permits	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	4,219	--	--
Use of money and property	--	764	5,059	1,451
Intergovernmental	133,645	--	21,637	38,576
Charges for services	--	--	--	--
Miscellaneous	--	--	--	--
Total Revenues	<u>133,645</u>	<u>4,983</u>	<u>26,696</u>	<u>40,027</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	2,270	--	--
Public ways and facilities	77,486	--	11,843	433,163
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Recreation	--	--	--	--
Total Expenditures	<u>77,486</u>	<u>2,270</u>	<u>11,843</u>	<u>433,163</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,159</u>	<u>2,713</u>	<u>14,853</u>	<u>(393,136)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	75,000
Transfers out	--	--	(75,000)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(75,000)</u>	<u>75,000</u>
Net Change in Fund Balances	56,159	2,713	(60,147)	(318,136)
Fund Balances - Beginning of Year	(128,900)	20,561	159,991	6,942
Prior Period Adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ (72,741)</u>	<u>\$ 23,274</u>	<u>\$ 99,844</u>	<u>\$ (311,194)</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

	<u>Campgrounds</u>	<u>Tobacco</u>	<u>Health</u>	<u>Well Abandonment</u>
Revenues:				
Licenses and permits	\$ --	\$ --	\$ 240	\$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	204	--	20,395	1,375
Intergovernmental	--	295,612	--	--
Charges for services	16,724	--	--	--
Miscellaneous	--	--	116	--
Total Revenues	<u>16,928</u>	<u>295,612</u>	<u>20,751</u>	<u>1,375</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	285,559	(69,311)	90,070
Public assistance	--	--	--	--
Recreation	17,754	--	--	--
Total Expenditures	<u>17,754</u>	<u>285,559</u>	<u>(69,311)</u>	<u>90,070</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(826)</u>	<u>10,053</u>	<u>90,062</u>	<u>(88,695)</u>
Other Financing Sources (Uses):				
Transfers in	--	150,785	--	87,000
Transfers out	--	(11,272)	(394,297)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>139,513</u>	<u>(394,297)</u>	<u>87,000</u>
Net Change in Fund Balances	(826)	149,566	(304,235)	(1,695)
Fund Balances - Beginning of Year	(1,596)	(119,903)	730,287	52,001
Prior Period Adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ (2,422)</u>	<u>\$ 29,663</u>	<u>\$ 426,052</u>	<u>\$ 50,306</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

	Environmental Health	Emergency Medical Services	Major Thoroughfare	Mitigation Fee	County Service Areas
Revenues:					
Licenses and permits	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	85,038	--	--	--
Use of money and property	4,482	1,834	4,579	3,314	30,856
Intergovernmental	--	--	--	--	--
Charges for services	--	--	--	--	--
Miscellaneous	--	--	--	--	165,954
Total Revenues	<u>4,482</u>	<u>86,872</u>	<u>4,579</u>	<u>3,314</u>	<u>196,810</u>
Expenditures:					
Current:					
General government	--	--	--	--	193,794
Public protection	--	--	--	--	--
Public ways and facilities	--	--	89,650	--	--
Health and sanitation	--	75,492	--	--	--
Public assistance	--	--	--	--	--
Recreation	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>75,492</u>	<u>89,650</u>	<u>--</u>	<u>193,794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,482</u>	<u>11,380</u>	<u>(85,071)</u>	<u>3,314</u>	<u>3,016</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	--	--
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	4,482	11,380	(85,071)	3,314	3,016
Fund Balances - Beginning of Year	67,512	51,031	137,502	93,502	--
Prior Period Adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>860,846</u>
Fund Balances - End of Year	<u>\$ 71,994</u>	<u>\$ 62,411</u>	<u>\$ 52,431</u>	<u>\$ 96,816</u>	<u>\$ 863,862</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

	June Lake Storm Drain	SRVP Grant	Bio Terrorism	CDBG Grant - Sierra	GTIP Traffic Congestion
Revenues:					
Licenses and permits	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	--	--	--	--
Use of money and property	2,590	--	--	--	--
Intergovernmental	--	319	177,744	--	--
Charges for services	--	--	--	--	--
Miscellaneous	--	--	--	--	--
Total Revenues	<u>2,590</u>	<u>319</u>	<u>177,744</u>	<u>--</u>	<u>--</u>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	--	22,672	438,386	--	--
Public ways and facilities	14,891	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	15,099	--
Recreation	--	--	--	--	--
Total Expenditures	<u>14,891</u>	<u>22,672</u>	<u>438,386</u>	<u>15,099</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,301)</u>	<u>(22,353)</u>	<u>(260,642)</u>	<u>(15,099)</u>	<u>--</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	--	--
Transfers out	<u>--</u>	<u>--</u>	<u>(4,334)</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(4,334)</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(12,301)	(22,353)	(264,976)	(15,099)	--
Fund Balances - Beginning of Year	81,554	(23,125)	34,559	274	--
Prior Period Adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 69,253</u>	<u>\$ (45,478)</u>	<u>\$ (230,417)</u>	<u>\$ (14,825)</u>	<u>\$ --</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Special Revenue Funds For the Year Ended June 30, 2006

	Solid Waste Grant	STIP Grants	Mental Health Services Act	Various Restricted Grant Funds	Total
Revenues:					
Licenses and permits	\$ --	\$ --	\$ --	\$ --	\$ 240
Fines, forfeitures and penalties	--	--	--	14,936	104,193
Use of money and property	1,184	--	2,168	31,539	111,794
Intergovernmental	--	--	431,313	698,026	1,796,872
Charges for services	--	--	--	--	16,724
Miscellaneous	57,088	--	--	18,145	241,303
Total Revenues	<u>58,272</u>	<u>--</u>	<u>433,481</u>	<u>762,646</u>	<u>2,271,126</u>
Expenditures:					
Current:					
General government	--	--	--	--	193,794
Public protection	--	--	--	472,230	935,558
Public ways and facilities	--	73,994	--	2,271	703,298
Health and sanitation	63,649	--	2,672	30,643	478,774
Public assistance	--	--	--	99,264	114,363
Recreation	--	--	--	15,375	33,129
Total Expenditures	<u>63,649</u>	<u>73,994</u>	<u>2,672</u>	<u>619,783</u>	<u>2,458,916</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,377)</u>	<u>(73,994)</u>	<u>430,809</u>	<u>142,863</u>	<u>(187,790)</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	16,000	328,785
Transfers out	--	--	(140,506)	(62,014)	(687,423)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(140,506)</u>	<u>(46,014)</u>	<u>(358,638)</u>
Net Change in Fund Balances	(5,377)	(73,994)	290,303	96,849	(546,428)
Fund Balances - Beginning of Year	38,401	167,916	--	1,096,614	2,465,123
Prior Period Adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>860,846</u>
Fund Balances - End of Year	<u>\$ 33,024</u>	<u>\$ 93,922</u>	<u>\$ 290,303</u>	<u>\$ 1,193,463</u>	<u>\$ 2,779,541</u>

NONMAJOR CAPITAL PROJECT FUNDS

Capital Project Funds are used to account for the financial resources to be used for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

COUNTY OF MONO

Combining Balance Sheet Nonmajor Capital Project Funds June 30, 2006

	Lee Vining Community Building	Community Center Crowley Lake	Jail Improvements	Miscellaneous Capital Improvements
<u>Assets</u>				
Cash and investments	\$ --	\$ --	\$ 10,183	\$ 37,546
Total Assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,183</u>	<u>\$ 37,546</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	474	2,903	--	--
Due to other funds	<u>5,263</u>	<u>442</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>5,737</u>	<u>3,345</u>	<u>--</u>	<u>--</u>
Fund Balances				
Unreserved:				
Designated for capital outlay	<u>(5,737)</u>	<u>(3,345)</u>	<u>10,183</u>	<u>37,546</u>
Total Fund Balances	<u>(5,737)</u>	<u>(3,345)</u>	<u>10,183</u>	<u>37,546</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 10,183</u>	<u>\$ 37,546</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Capital Project Funds June 30, 2006

	June Lake Community Center	Building Improvement	County Parks	Ambulance Replacement
<u>Assets</u>				
Cash and investments	\$ 148	\$ 115,901	\$ 39,277	\$ 7,011
Total Assets	<u>\$ 148</u>	<u>\$ 115,901</u>	<u>\$ 39,277</u>	<u>\$ 7,011</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	--	125	136,388	--
Due to other funds	<u>--</u>	<u>--</u>	<u>509,528</u>	<u>--</u>
Total Liabilities	<u>--</u>	<u>125</u>	<u>645,916</u>	<u>--</u>
Fund Balances				
Unreserved:				
Designated for capital outlay	<u>148</u>	<u>115,776</u>	<u>(606,639)</u>	<u>7,011</u>
Total Fund Balances	<u>148</u>	<u>115,776</u>	<u>(606,639)</u>	<u>7,011</u>
Total Liabilities and Fund Balances	<u>\$ 148</u>	<u>\$ 115,901</u>	<u>\$ 39,277</u>	<u>\$ 7,011</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Capital Project Funds June 30, 2006

	Eastern Sierra Lodge	IT Improvements	Paramedic Improvements	Courthouse Improvements and Repairs
<u>Assets</u>				
Cash and investments	\$ 403	\$ 15,537	\$ --	\$ 209,915
Total Assets	<u>\$ 403</u>	<u>\$ 15,537</u>	<u>\$ --</u>	<u>\$ 209,915</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	--	--	--	414,125
Due to other funds	<u>--</u>	<u>--</u>	<u>8,158</u>	<u>11,204</u>
Total Liabilities	<u>--</u>	<u>--</u>	<u>8,158</u>	<u>425,329</u>
Fund Balances				
Unreserved:				
Designated for capital outlay	<u>403</u>	<u>15,537</u>	<u>(8,158)</u>	<u>(215,414)</u>
Total Fund Balances	<u>403</u>	<u>15,537</u>	<u>(8,158)</u>	<u>(215,414)</u>
Total Liabilities and Fund Balances	<u>\$ 403</u>	<u>\$ 15,537</u>	<u>\$ --</u>	<u>\$ 209,915</u>

continued

COUNTY OF MONO

Combining Balance Sheet (continued) Nonmajor Capital Project Funds June 30, 2006

	Flashing Yellow Beacons	Impact Fees - Crowley Lake Area	Total
<u>Assets</u>			
Cash and investments	\$ --	\$ 14,976	\$ 450,897
Total Assets	<u>\$ --</u>	<u>\$ 14,976</u>	<u>\$ 450,897</u>
<u>Liabilities and Fund Balances</u>			
Liabilities			
Accounts payable	--	--	554,015
Due to other funds	<u>67,697</u>	<u>--</u>	<u>602,292</u>
Total Liabilities	<u>67,697</u>	<u>--</u>	<u>1,156,307</u>
Fund Balances			
Unreserved:			
Designated for capital outlay	<u>(67,697)</u>	<u>14,976</u>	<u>(705,410)</u>
Total Fund Balances	<u>(67,697)</u>	<u>14,976</u>	<u>(705,410)</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 14,976</u>	<u>\$ 450,897</u>

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Project Funds For the Year Ended June 30, 2006

	Lee Vining Community Building	Community Center Crowley Lake	Jail Improvements	Miscellaneous Capital Improvements
Revenues:				
Use of money and property	\$ --	\$ --	\$ --	\$ --
Intergovernmental revenue	--	--	--	--
Miscellaneous	45,023	53,082	--	13,209
Total Revenues	<u>45,023</u>	<u>53,082</u>	<u>--</u>	<u>13,209</u>
Expenditures:				
Capital outlay	51,186	60,784	37,299	23,688
Total Expenditures	<u>51,186</u>	<u>60,784</u>	<u>37,299</u>	<u>23,688</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,163)</u>	<u>(7,702)</u>	<u>(37,299)</u>	<u>(10,479)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(6,163)	(7,702)	(37,299)	(10,479)
Fund Balances - Beginning of Year	<u>426</u>	<u>4,357</u>	<u>47,482</u>	<u>48,025</u>
Fund Balances - End of Year	<u><u>\$ (5,737)</u></u>	<u><u>\$ (3,345)</u></u>	<u><u>\$ 10,183</u></u>	<u><u>\$ 37,546</u></u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Capital Project Funds For the Year Ended June 30, 2006

	June Lake Community Center	Building Improvement	County Parks	Ambulance Replacement
Revenues:				
Use of money and property	\$ --	\$ --	\$ --	\$ --
Intergovernmental revenue	--	--	--	--
Miscellaneous	--	5,502	--	--
Total Revenues	<u>--</u>	<u>5,502</u>	<u>--</u>	<u>--</u>
Expenditures:				
Capital outlay	--	23,981	536,055	107,955
Total Expenditures	<u>--</u>	<u>23,981</u>	<u>536,055</u>	<u>107,955</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(18,479)</u>	<u>(536,055)</u>	<u>(107,955)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	50,000
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>50,000</u>
Net Change in Fund Balances	--	(18,479)	(536,055)	(57,955)
Fund Balances - Beginning of Year	<u>148</u>	<u>134,255</u>	<u>(70,584)</u>	<u>64,966</u>
Fund Balances - End of Year	<u>\$ 148</u>	<u>\$ 115,776</u>	<u>\$ (606,639)</u>	<u>\$ 7,011</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Capital Project Funds For the Year Ended June 30, 2006

	Eastern Sierra Lodge	IT Improvements	Paramedic Improvements	Courthouse Improvements and Repairs
Revenues:				
Use of money and property	\$ --	\$ 986	\$ --	\$ 11,531
Intergovernmental revenue	--	--	--	28,651
Miscellaneous	--	--	2,800	--
Total Revenues	<u>--</u>	<u>986</u>	<u>2,800</u>	<u>40,182</u>
Expenditures:				
Capital outlay	--	72,488	6,476	610,703
Total Expenditures	<u>--</u>	<u>72,488</u>	<u>6,476</u>	<u>610,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(71,502)</u>	<u>(3,676)</u>	<u>(570,521)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	--	(71,502)	(3,676)	(570,521)
Fund Balances - Beginning of Year	<u>403</u>	<u>87,039</u>	<u>(4,482)</u>	<u>355,107</u>
Fund Balances - End of Year	<u>\$ 403</u>	<u>\$ 15,537</u>	<u>\$ (8,158)</u>	<u>\$ (215,414)</u>

continued

COUNTY OF MONO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued) Nonmajor Capital Project Funds For the Year Ended June 30, 2006

	Flashing Yellow Beacons	Impact Fees - Crowley Lake Area	Total
Revenues:			
Use of money and property	\$ --	\$ 31	\$ 12,548
Intergovernmental revenue	--	--	28,651
Miscellaneous	--	14,945	134,561
Total Revenues	<u>--</u>	<u>14,976</u>	<u>175,760</u>
Expenditures:			
Capital outlay	<u>67,697</u>	<u>--</u>	<u>1,598,312</u>
Total Expenditures	<u>67,697</u>	<u>--</u>	<u>1,598,312</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(67,697)</u>	<u>14,976</u>	<u>(1,422,552)</u>
Other Financing Sources (Uses):			
Transfers in	<u>--</u>	<u>--</u>	<u>50,000</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>50,000</u>
Net Change in Fund Balances	(67,697)	14,976	(1,372,552)
Fund Balances - Beginning of Year	<u>--</u>	<u>--</u>	<u>667,142</u>
Fund Balances - End of Year	<u>\$ (67,697)</u>	<u>\$ 14,976</u>	<u>\$ (705,410)</u>

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of services provided by one department to other departments of the governmental unit on a cost-reimbursement basis.

COUNTY OF MONO

Combining Statement of Fund Net Assets Internal Service Funds June 30, 2006

	Workers' Compensation	Liability	Total
<u>Assets</u>			
Current Assets:			
Pooled cash and investments	\$ 309,217	\$ 163,860	\$ 473,077
Deposit with others	752,737	692,787	1,445,524
Total Assets	<u>\$ 1,061,954</u>	<u>\$ 856,647</u>	<u>\$ 1,918,601</u>
<u>Liabilities</u>			
Current Liabilities:			
Claims liability	\$ 1,456,000	\$ 360,299	\$ 1,816,299
Total Liabilities	<u>1,456,000</u>	<u>360,299</u>	<u>1,816,299</u>
<u>Net Assets</u>			
Unrestricted	(394,046)	496,348	102,302
Total Net Assets	<u>(394,046)</u>	<u>496,348</u>	<u>102,302</u>
Total Liabilities and Net Assets	<u>\$ 1,061,954</u>	<u>\$ 856,647</u>	<u>\$ 1,918,601</u>

COUNTY OF MONO

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2006

	Workers' Compensation	Liability	Total
Operating Revenues:			
Charges for services	\$ 1,019,931	\$ 560,513	\$ 1,580,444
Total Operating Revenues	<u>1,019,931</u>	<u>560,513</u>	<u>1,580,444</u>
Operating Expenses:			
Claims and insurance	<u>736,283</u>	<u>565,724</u>	<u>1,302,007</u>
Total Operating Expenses	<u>736,283</u>	<u>565,724</u>	<u>1,302,007</u>
Operating Income (Loss)	<u>283,648</u>	<u>(5,211)</u>	<u>278,437</u>
Non-Operating Revenues (Expenses):			
Interest income	<u>3,543</u>	<u>4,372</u>	<u>7,915</u>
Total Non-Operating Revenues	<u>3,543</u>	<u>4,372</u>	<u>7,915</u>
Change in Net Assets	287,191	(839)	286,352
Net Assets - Beginning of Year	<u>(681,237)</u>	<u>497,187</u>	<u>(184,050)</u>
Net Assets - End of Year	<u><u>\$ (394,046)</u></u>	<u><u>\$ 496,348</u></u>	<u><u>\$ 102,302</u></u>

COUNTY OF MONO

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2006

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Total</u>
CASH FLOWS FROM			
OPERATING ACTIVITIES:			
Cash receipts from internal fund services provided	\$ 1,019,931	\$ 560,513	\$ 1,580,444
Cash paid to suppliers for goods and services	<u>(945,990)</u>	<u>(665,143)</u>	<u>(1,611,133)</u>
Net Cash Provided (Used) by Operating Activities	<u>73,941</u>	<u>(104,630)</u>	<u>(30,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u>3,543</u>	<u>4,372</u>	<u>7,915</u>
Net Cash Provided (Used) by Investing Activities	<u>3,543</u>	<u>4,372</u>	<u>7,915</u>
Net Increase (Decrease) in Cash and Cash Equivalents	77,484	(100,258)	(22,774)
Cash and Cash Equivalents, Beginning of Year	<u>231,733</u>	<u>264,118</u>	<u>495,851</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 309,217</u></u>	<u><u>\$ 163,860</u></u>	<u><u>\$ 473,077</u></u>

COUNTY OF MONO

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2006

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 283,648	\$ (5,211)	\$ 278,437
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Changes in assets and liabilities:			
(Increase) decrease in:			
Deposits with others	(327,156)	(67,703)	(394,859)
Increase (decrease) in:			
Claims liability	<u>117,449</u>	<u>(31,716)</u>	<u>85,733</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 73,941</u></u>	<u><u>\$ (104,630)</u></u>	<u><u>\$ (30,689)</u></u>

FIDUCIARY FUNDS

Fiduciary Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

COUNTY OF MONO

Combining Statement of Fiduciary Net Assets Investment Trust Funds June 30, 2006

	<u>Local Districts</u>	<u>School Funds</u>	<u>Total</u>
<u>Assets</u>			
Pooled cash and investments	<u>\$ 9,156,107</u>	<u>\$ 18,836,572</u>	<u>\$ 27,992,679</u>
Total Assets	<u><u>\$ 9,156,107</u></u>	<u><u>\$ 18,836,572</u></u>	<u><u>\$ 27,992,679</u></u>
<u>Net Assets</u>			
Net assets held in trust for investment pool participants	<u><u>\$ 9,156,107</u></u>	<u><u>\$ 18,836,572</u></u>	<u><u>\$ 27,992,679</u></u>

COUNTY OF MONO

Combining Statement of Changes in Fiduciary Net Assets Investment Trust Funds For the Year Ended June 30, 2006

	Local Districts	School Districts	Total
Additions			
Contributions	\$ 18,934,873	\$ 50,122,376	\$ 69,057,249
Revenue from use of money and property	<u>543,956</u>	<u>632,742</u>	<u>1,176,698</u>
Total Additions	19,478,829	50,755,118	70,233,947
Deductions:			
Distribution from pooled investment	<u>27,158,138</u>	<u>38,932,399</u>	<u>66,090,537</u>
Change in net assets	(7,679,309)	11,822,719	4,143,410
Beginning net assets held in trust for pool participants	<u>16,835,416</u>	<u>7,013,853</u>	<u>23,849,269</u>
Ending net assets held for pool participants	<u><u>\$ 9,156,107</u></u>	<u><u>\$ 18,836,572</u></u>	<u><u>\$ 27,992,679</u></u>

STATISTICAL SECTION (UNAUDITED)

COUNTY OF MONO

Tax Levies and Collections General Fund Secured Roll 1992-93 through 2004-05

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Levy Collected</u>
1992-93	\$ 5,677,052	\$ 5,939,621	104.63%	\$ 255,980	\$ 6,195,601	109.13%
1993-94	4,841,678	5,066,272	104.64%	217,070	5,283,342	109.12%
1994-95	5,047,309	5,372,192	106.44%	228,890	5,601,082	110.97%
1995-96	4,962,551	5,024,418	101.25%	238,335	5,262,753	106.05%
1996-97	5,309,141	5,243,350	98.76%	156,743	5,400,093	101.71%
1997-98	5,977,025	5,236,546	87.61%	175,404	5,411,950	90.55%
1998-99	6,120,181	5,420,929	88.57%	185,983	5,606,912	91.61%
1999-00	6,420,655	5,699,096	88.76%	166,327	5,865,423	91.35%
2000-01	6,880,850	6,464,711	93.95%	139,088	6,603,799	95.97%
2001-02	7,073,947	6,992,736	98.85%	151,339	7,144,075	100.99%
2002-03	8,271,224	8,307,872	100.44%	250,939	8,558,811	103.48%
2003-04	8,426,505	8,523,576	101.15%	69,133	8,592,709	101.97%
2004-05	9,536,891	9,449,034	99.08%	58,669	9,507,703	99.69%
2005-06	11,362,185	10,892,350	95.86%	85,125	10,977,475	96.61%

COUNTY OF MONO

Tax Levies and Collections General Fund Secured Roll 1992-93 through 2004-05

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Levy</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percent of Levy Collected</u>
1992	\$ 5,677,052	\$ 5,939,621	103.30%	\$ 255,980	\$ 6,195,601	107.75%
1993	4,841,678	5,066,272	104.64%	217,070	5,283,342	109.12%
1994	5,047,309	5,372,192	106.44%	228,890	5,601,082	110.97%
1995	4,962,551	5,024,418	101.19%	238,335	5,262,753	106.12%
1996	5,309,141	5,243,350	98.76%	156,743	5,400,093	101.71%
1997	5,977,025	5,236,546	87.61%	175,404	5,411,950	90.55%
1998	6,120,181	5,420,929	88.57%	185,983	5,606,912	91.61%
1999	6,420,655	5,699,096	88.77%	166,327	5,865,423	91.35%
2000	6,880,850	6,464,711	93.95%	139,088	6,603,799	95.97%
2001	7,073,947	6,992,736	98.85%	151,339	7,144,075	100.99%
2002	8,271,224	8,307,872	100.44%	250,939	8,558,811	103.48%
2003	8,426,505	8,523,576	101.15%	69,133	8,592,709	101.97%
2004	9,536,891	9,449,034	99.08%	58,669	9,507,703	99.69%
2005	11,362,185	10,892,350	95.86%	85,125	10,977,475	96.61%

COUNTY OF MONO

Property Tax Value Allocation Collection 1992-93 through 2005-06

<u>Fiscal Year</u>		<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>
1992-93	\$	1,475,079,312	\$	235,660,094	\$	1,710,739,406
1993-94		1,528,919,793		242,890,893		1,771,810,686
1994-95		1,596,913,764		231,701,331		1,828,615,095
1995-96		1,592,321,372		215,419,598		1,807,740,970
1996-97		1,597,912,626		224,837,451		1,822,750,077
1977-98		1,632,980,213		225,309,948		1,858,290,161
1998-99		1,676,009,395		229,640,519		1,905,649,914
1999-00		1,779,593,856		229,350,947		2,008,944,803
2000-01		1,989,414,352		196,039,081		2,185,453,433
2001-02		2,215,280,910		224,479,974		2,439,760,884
2002-03		2,430,999,676		252,782,477		2,683,782,153
2003-04		2,762,004,268		265,105,692		3,027,109,960
2004-05		3,085,979,775		267,934,406		3,353,914,181
2005-06		3,550,462,443		260,084,308		3,810,546,751

COUNTY OF MONO
Property Tax Allocation Collection
1992-93 through 2005-06

County Wide Tax Limitation is 1 percent of Full Cash Value of \$1.00 Per Hundred Dollars of Full Cash Value per Proposition 13.

Distribution:

The tax levy generated by the \$1.00 rate is distributed to various taxing agencies using factors based upon tax collections of the three previous years (Local Agencies) and one year for schools (1977-78).

Voter approved debt service is exempt from the 1 percent limitation.

Debt Service Rates for 2005-06

<u>TAX AREAS 51-00 THRU 51-13/ 51-19 THRU 51-33</u>	<u>PERCENTAGE</u>
PROP 13 (1% Limit)	1.0000000
ESUSD BOND	0.0518540
	1.0518540
<u>TAX AREAS: 51-14 THRU 51-18</u>	
PROP 13 (1% Limit)	1.0000000
ESUSD BOND	0.0518540
June Lake PUD Bond	0.0133862
TOTAL	1.0652402
<u>TAX AREAS: 10-00, 10-02, 10-03,10-04, 10-06, 10-08, 10-11, 10-12</u>	
PROP 13 (1% Limit)	1.0000000
Mammoth Unified Bond '96	0.0073122
Mammoth Unified Bond '98, '00 & '01	0.0192388
Mammoth-Kern SFID	0.0187158
Southern Mono Hospital Bond '02	0.0448303
TOTAL	1.0900971
<u>TAX AREAS: 10-01,10-05,10-07,10-09,10-10</u>	
PROP 13 (1% Limit)	1.0000000
Mammoth-Kern SFID	0.0187158
Mammoth County Water Improv. Bond #2	0.0106903
Southern Mono Hospital Bond '02	0.0448303
Mammoth Unified Bond '96	0.0073122
Mammoth Unified Bond '98, '00 & '01	0.0192388
TOTAL	1.1007874
<u>TAX AREAS: 10-13, 59-00, 59-05, 59-07, 59-12</u>	
PROP 13 (1% Limit)	1.0000000
Mammoth Unified Bond '96	0.0073122
Mammoth Unified Bond '98, '00 & '01	0.0192388
Southern Mono Hospital Bond '02	0.0448303
TOTAL	1.0713813
<u>TAX AREAS: 60-00</u>	
PROP 13 (1% Limit)	1.0000000
Round Valley Bond (Determined by Inyo County)	0.0174770
Bishop HS Bond (Determined by Inyo County)	0.0178490
Southern Mono Hospital Bond '02	0.0448303
	1.0801563
<u>TAX AREAS: 60-01 THRU 60-06</u>	
PROP 13 (1% Limit)	1.0000000
Round Valley Bond (Determined by Inyo County)	0.0174770
Bishop HS Bond (Determined by Inyo County)	0.0178490
TOTAL	1.0353260

COUNTY OF MONO
Distribution of Property Tax
1992-93 through 2005-06

<u>Fiscal Year</u>	<u>County</u>	<u>Town of Mammoth Lakes</u>	<u>Schools and ERAF</u>	<u>Special Districts</u>	<u>Total</u>
1992-93	38.10%	2.93%	31.80%	27.17%	100.00%
1993-94	32.52%	3.02%	41.18%	23.28%	100.00%
1994-95	31.89%	3.03%	41.52%	23.56%	100.00%
1995-96	31.17%	3.96%	42.34%	22.53%	100.00%
1996-97	32.41%	3.07%	42.67%	21.85%	100.00%
1997-98	33.60%	3.05%	41.27%	22.08%	100.00%
1998-99	31.86%	3.06%	41.28%	23.80%	100.00%
1999-00	31.70%	3.19%	41.04%	24.07%	100.00%
2000-01	31.45%	3.58%	40.40%	24.57%	100.00%
2001-02	30.97%	3.64%	40.79%	24.60%	100.00%
2002-03	30.75%	3.74%	40.79%	24.72%	100.00%
2003-04	30.51%	3.89%	40.64%	24.96%	100.00%
2004-05	30.32%	4.00%	40.51%	25.17%	100.00%
2005-06	30.04%	4.17%	42.01%	23.78%	100.00%

COUNTY OF MONO
Tax Collections
1992-93 through 2005-06

	General Fund		Secured and Unsecured			
Fiscal Year	Secured	Unsecured	Town of Mammoth	School Districts and Augmentation Fund	Special Districts	Totals
1992-93	\$ 5,939,621	\$ 862,128	\$ 522,068	\$ 6,716,833	\$ 5,361,881	\$ 19,402,531
1993-94	5,066,272	755,388	540,072	6,802,385	5,701,810	18,865,927
1994-95	5,372,192	741,145	577,391	8,161,950	5,785,370	20,638,048
1995-96	5,024,418	682,488	759,583	8,283,649	4,268,796	19,018,934
1996-97	5,243,350	729,092	583,068	7,768,595	4,472,288	18,796,393
1997-98	5,448,545	719,526	571,570	7,730,443	4,451,114	18,921,198
1998-99	5,582,040	731,930	588,337	7,930,027	4,572,566	19,404,900
1999-00	5,778,043	723,824	647,065	8,306,363	4,794,903	20,250,198
2000-01	6,264,163	616,687	782,357	8,817,667	5,238,415	21,719,289
2001-02	7,073,947	695,136	825,121	7,085,768	5,591,710	21,271,682
2002-03	7,534,894	772,978	953,355	11,204,067	6,080,626	26,545,920
2003-04	8,523,576	807,741	1,158,647	12,615,367	6,936,400	30,041,731
2004-05*	9,449,034	706,107	1,348,916	13,642,275	7,916,718	33,063,050
2005-06*	11,455,149	765,220	1,592,687	16,021,241	9,067,830	38,902,127

** Triple-Flip Adjustments not recognized in these figures*

The lien or assessment date is the first Monday in January

Taxes may be paid in two installments. First installment is due November 1, and becomes delinquent on December 10, with 10% penalty added. Second installment is due February 1, and becomes delinquent on April 10, with 10% penalty and \$10.00 per parcel added for costs.

After June 30, property is transferred to the delinquent roll. Beginning July 1, additional penalties of 1% per month for the first year and 1/2% per month thereafter until the property is redeemed. After five years, the property may be sold for taxes due.

COUNTY OF MONO

Triple Flip 2005-06

	<u>COUNTY</u>			<u>TOWN</u>			<u>SPECIAL DISTRICTS</u>
	<u>Sales Tax</u>	<u>VLf</u>	<u>ERAF III</u>	<u>Sales Tax</u>	<u>VLf</u>	<u>ERAF III</u>	<u>ERAF III</u>
2004-05	96,378	943,697	(92,964)	456,945	415,538	(217,497)	(890,482)
2005-06	101,279	1,074,952	(92,964)	501,959	517,229	(217,497)	(983,446)

SB 1096 adopted by the State in FY 2003 and implemented in FY 2004 is measure whereby Sales Taxes and Vehicle License Fees are "swaped" for property taxes. This is in the wake of the State obtaining debt reduction bonds using sales tax revenue as the funding source. These are manual adjustments made to property tax revenue and based upon projections from the state and "trued up" the following year. Funds are taken from ERAF to fill the revenue gaps. ERAF III is a swap from polital subdivisions to back-fill the sales tax and VLF taken from ERAF. ERAF III is only in effect for FY 2004-05 and 2005-06.

COUNTY OF MONO
Miscellaneous Statistical Information
June 30, 2006

County Date of Formation: April 21, 1861

Form of Government: General Law County under California Constitution 1849

Area: 3,030 Square Miles

County Road Mileage: 684.42

Fire Protection: No county-wide fire district, each community has its own special fire protection district

Public Protection: County Sheriff/Jail
Number of Stations 3
Number of Employees 44

County Employees: Full-Time *(Includes Public Protection Employees)* 273
Part-Time 8
Total **281**

Elections: Registered Voters 6,355
Number of Votes Cast Last General Election 3,251
Percentage of Registered Voters Voting 51.16%

Population:	<u>FY Year</u>	<u>County</u>	<u>Incorporated</u>	<u>Total</u>
	1910	2,042		2,042
	1920	960		960
	1930	1,360		1,360
	1940	2,299		2,299
	1950	2,115		2,115
	1960	2,213		2,213
	1970	4,016		4,016
	1980	8,577		8,577
	1990		***	10,350
	1991		***	10,243
	1992		***	10,403
	1993		***	10,365
	1994		***	11,179
	1995		***	10,745
	1996		***	10,550
	1997		***	10,410
	1998		***	10,022
	1999		***	10,223
	2000		***	10,293

COUNTY OF MONO
Miscellaneous Statistical Information
June 30, 2006

Population: <i>(Continued)</i>	<u>FY Year</u>	<u>County</u>	<u>Incorporated</u>	<u>Total</u>
	2001		***	12,799
	2002		***	13,250
	2003		***	13,350
	2004	5,946	7,617	13,563
	2005	5,880	7,717	13,597

*** No Data Kept for these years